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# SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President  
Rodney Fong, Vice President  
Michael Hardeman, Commissioner  
Ann Lazarus, Commissioner  
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director  
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary  
Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA TUESDAY, SEPTEMBER 9, 2008 2:00 P.M. CLOSED SESSION 3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO, CA 94111

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk.*

*If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.*

09-08-08A10:07 RVD

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - August 12, 2008
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

DOCUMENTS DEPT.

SEP - 8 2008

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- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.  
*This session is closed to any non-City/Port representative.\**

- a. Property: Piers 27-31 and Piers 30-32  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development



\*SF Piers LLC: Richard Fried

Under Negotiation: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31 and Piers 30-32.

b. Property: SWL 352 at Amador Street

Person Negotiating: Port: Brad Benson, Special Projects Manager

\*Raisch Products, Inc.: Doug Raisch

\*SF Recycling & Disposal: Maurice Quillen

Under Negotiation: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 352 at Amador Street.

c. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

\*Negotiating Parties:

(1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan

(2) San Francisco Giants, The Cordish Company, Farallon Capital Management

Under Negotiations: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both

The Commission found the non-Port parties identified above qualified based on their responses to a request for qualifications for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48, and selected both of them to be invited to respond to a request for proposals for the lease and development of the properties. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

## 5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.





**6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**7. EXECUTIVE**

**A. Executive Director's Report**

- Sunday Streets – August 31 and September 14, 2008 from 9 a.m. to 1 p.m.
- South Beach, Mission Bay, Rincon Hill Block Party – September 14, 2008 from 12 noon to 4 p.m.
- California Coastal Clean-Up – September 20, 2008 from 9 a.m. to 12 noon
- Mission Bay Parks Festival – September 20, 2008 from 12:30 to 2 p.m.
- American Association of Port Authorities Annual Convention – September 22-26, 2008
- 2008 Piero Patri Fellowship Presentation – September 23, 2008 from 5:30 – 7:30 p.m. at Pier 1
- SWL 337 RFP submittals extended - September 26, 2008
- In Memoriam - George Lu
- In Memoriam - Alicia Vargas Carney

**8. CONSENT**

- A. Request authorization to advertise for competitive bids for Construction Contract No. 2725, Pier 80 Security Fences Project. (Resolution No. 08-55)
- B. Request approval of Fiscal Year 2008-09 Executive Director Salary and Benefits. (Resolution No. 08-56)
- C. Request approval of the First Amendment to the five-year Non-Exclusive Management with Metropolitan Stevedore Company, doing business as Metro Ports, for management of the Pier 80 Cargo Terminal. (Resolution No. 08-57)

**9. FINANCE AND ADMINISTRATION**

- A. Request approval of the Port's Supplemental Appropriation of \$3,644,438 in 2008 Clean and Safe Neighborhood Parks General Obligation Bond Funds and \$130,462.77 in old Port Revenue Bond Funds for Port Open Space Projects. (Resolution No. 08-58)

**10. REAL ESTATE**

- A. Request approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for approximately 29,734 square feet of space on the west end of Pier





17, and subject to Board of Supervisors approval (Resolution No. 08-59); and Request approval of a Month-to-Month License No. 14604 for Temporary Retail Sales, for approximately 235 square feet of space on the north side of Pier 17. (Resolution No. 08-60)

- B. Request approval of First Amendment to Lease No. L-12090 with Darling International, Inc., for premises at Seawall Lot 344 located at 429 Amador Street and Pier 92. (Resolution No. 08-61)

## **11. NEW BUSINESS / AGENDA SETTING**

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational update on Port response to the City Controller's Audit of the Port's Purchasing and Inventory Systems (September 23, 2008)
  - Informational presentation regarding the removal of wood frame building (formerly Tait's) at Pier 45 (September 23, 2008)
  - Request adoption of a resolution urging the Board of Supervisors to accept the offer of a gift from the Copra Crane Landmark Association to repair and improve the copra crane at Pier 84 on Islais Creek (September 23, 2008)
  - Request approval of Port Sewer System Management Plan Development and Schedule (September 23, 2008)
  - Request approval of Exclusive Negotiation Agreement and conceptual framework for Piers 30-32 project with SF Piers LLC (September 23, 2008)
  - Request approval of License No. 14544 to allow Literacy for Environmental Justice to run grant-funded education and habitat improvement programs at Heron's Head Park (September 23, 2008)
  - Request approval of parking meter rate schedule (October 14, 2008)
  - Informational presentation of lease with Solar City, Inc., a Delaware Corporation, for the premises located at Pier 96 Maintenance and Repair Building (October 14, 2008)
  - Informational Presentation regarding Lease No. L-14590 with Distillery 209 for a Term of Ten Years (October 28, 2008)
  - Request authorization to award a contract for professional engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38 (October 28, 2008)
  - Informational Presentation regarding approval of Lease No. L-14581 with D & G Company LLC, d.b.a. Lou's at Pier 47 for a term of 20 Years for a Restaurant Site at 300 Jefferson Street (November 18, 2008)
  - Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (December 9, 2008)
  - Informational Presentation on proposed cruise terminal feasibility study at Pier 27 (Date to be determined)



- Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
- Informational Presentation of Development Proposals for Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, in response to the SWL 337 Development Request for Proposals (Date to be determined)
- Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)

## 12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

## 13. COMMUNICATIONS

Communications to the Port Commission from August 8, 2008 to September 4, 2008:

- From Jack Bair, San Francisco Giants, and Jay Wallace, Kenwood Investments, regarding SWL 337
- From Irene Glassgold, regarding Seawall Lot 351
- From Jack Bair, SF Giants, invitation Orland Cepeda Statue Dedication Ceremony on September 6, 2008
- From John Curran, San Francisco Soccer, regarding mini-soccer field on Pier 27
- From Joanne Fedeyko, Executive Producer, regarding Festival of Sail
- From Don Watson, Copra-Crane Labor Landmark Association, regarding Copra Crane

## 14. ADJOURNMENT





**SEPTEMBER/OCTOBER 2008**  
**CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC**

| <b>Date</b>  | <b>Time</b>      | <b>Group</b>                   | <b>Location</b>      |
|--------------|------------------|--------------------------------|----------------------|
| September 23 | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|              | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |
| October 14   | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|              | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |
| October 28   | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|              | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. *The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com).* Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or [michael.nerney@sfport.com](mailto:michael.nerney@sfport.com)

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or [jennifer.sobol@sfport.com](mailto:jennifer.sobol@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Pacz @ 705-8674 or [mark.pacz@sfport.com](mailto:mark.pacz@sfport.com)

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BDCD, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or [dan.hodapp@sfport.com](mailto:dan.hodapp@sfport.com)





## **ACCESSIBLE MEETING INFORMATION**

### **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

### **PIER 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.



### **Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

### **Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

## **NOTICES**

### **Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

### **Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).







## MEMORANDUM

September 2, 2008

**TO:** MEMBERS, PORT COMMISSION

Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Request authorization to advertise for competitive bids for Construction Contract No. 2725, Pier 80 Security Fences Project

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

### INTRODUCTION

Port staff requests that the Port Commission authorize the advertisement for competitive bids for construction contract No. 2725, Pier 80 Security Fencing Project. The project scope includes replacing substandard fences and constructing new fences at the Pier 80 terminal. This construction project will assist the Port in complying with Department of Homeland Security and United States Coast Guard mandates to improve security at regulated Port facilities under the Maritime Transportation Security Act (MTSA) of 2002.

### BACKGROUND

Port staff conducted a Port-wide review of security fencing, and using a risk-based formula, assessed the facility's vulnerability to unauthorized entry and the potential severity of any security breaches. Based upon this review, staff developed a prioritized list of facilities, including the Pier 80 terminal, in need of new or replacement fencing, which this project seeks to address. The bid solicitation and the contract scope will include mobilization and demobilization, demolition and disposal of existing fences, and construction of new fences and gates at Pier 80.

The construction documents are nearly complete. The engineer's estimate for this project is \$160,000, which is consistent with the available funds. Staff plans to complete this construction project by February 2009.

This Print Covers Calendar Item No. 8A



Bidder qualifications will include a Class A, B or C-13 General Contractors License with at least three (3) years public work construction experience.

The solicitation of bids will be advertised to reach the contractor market through the following channels:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Engineering list of contractors
- Port Internet
- City and County purchasing internet
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Examiner and Small Business Exchange)

The contract will be awarded to the lowest responsive, responsible bidder. The HRC Contract Compliance Officer for the Port has reviewed the scope of work and the HRC Availability List for Fencing Contractors, and determined that there is no availability of HRC Certified LBE Fencing Contractors. The HRC has also determined that since this project involves federal funding, there is no applicable LBE subcontracting goal for this contract.

### **Regulatory Approvals**

The Port is seeking a concurrent determination from the City Planning Department that the project is categorically exempt from CEQA under "Class 1: Existing Facilities (c) Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety).... 16. Installation of security fencing and gates." The Port has requested BCDC permit approval to perform the work as described by the project engineer, and expects to receive approval by September 12, 2008, if not sooner.

### **Funding**

Funding for this project comes from multiple sources. 75% of the project costs will be funded by the 2007 United States Department of Homeland Security's Port Security Grant Program. This funding is administered through the Federal Emergency Management Agency. The remaining 25% of the project costs will be funded by the California Port and Maritime Security Grant Program, funded from Proposition 1B funds. This funding is administered by the State of California's Office of Homeland Security.

### **Schedule**

Following is the anticipated project schedule:

|                                   |                   |
|-----------------------------------|-------------------|
| Commission Approval to Advertise  | September 9, 2008 |
| Commission Authorization to Award | October 28, 2008  |
| Notice to Proceed                 | November, 2008    |
| Substantial Completion            | February, 2009    |





## SUMMARY

Port staff recommends that the Port Commission authorize the advertisement for competitive bids for construction contract No. 2725, Pier 80 Security Fences Project.

Prepared by: Ken Chu, Project Engineer

For: Sidonie Sansom, Director of Homeland Security &  
Edward F. Byrne, Chief Harbor Engineer



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-55**

- WHEREAS,** Port staff have conducted a security review of various Port facilities and identified Pier 80 as being in need of new or replacement fencing; and
- WHEREAS,** the Pier 80 Security Fences Project, Contract No. 2725 (the "Project"), will assist the Port in complying with mandates of the Department of Homeland Security and United States Coast Guard to improve security at regulated facilities under the Maritime Transportation Security Act (MTSA) of 2002; and
- WHEREAS,** the Project scope includes mobilization and demobilization, demolition and disposal of existing fences, and construction of new fences and gates, with an engineer's estimate of \$160,000 for the work; and
- WHEREAS,** 75% of the Project costs will be funded by the United States Department of Homeland Security's Port Security Grant Program, administered through the Federal Emergency Management Agency and 25% of the Project costs will be funded by the California Port and Maritime Security Grant Program, through Proposition 1B funds, administered by the State of California's Office of Homeland Security; now, therefore, be it
- RESOLVED,** that the San Francisco Port Commission hereby authorizes Port staff to advertise for competitive bids for construction contract No. 2725, Pier 80 Security Fences Project.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

---

Secretary



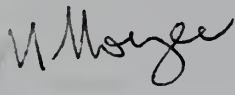




## MEMORANDUM

September 4, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique A. Moyer   
Executive Director

**SUBJECT:** Request Approval of Fiscal Year 2008-09 Executive Director Salary

**DIRECTOR'S RECOMMENDATION:** Approve the Fiscal Year 2008-09 Compensation for the Executive Director

---

Charter Section B3.581(h) grants the Port Commission the exclusive authority to set the compensation of the Port Executive Director. The Charter provides that the Executive Director's compensation shall not exceed the prevailing salaries paid to those holding similar positions in comparable maritime employment.

Staff conducted a survey of the salaries of Port Directors in the eight major West Coast ports. Of the eight seaports surveyed, three have authority over both the seaport and the airport. The remaining five ports have jurisdiction over the seaport only. For the latter group, the average annual salary is \$237,936. A listing of such salaries is attached hereto.

As has been its practice, staff also surveyed the salaries paid to the directors of other enterprise departments and similar departments of the City and County of San Francisco, including the Airport, Public Utilities Commission, Department of Public Works, Health Department and the Municipal Transportation Agency. The average salary of those directors is \$258,825. A listing of such salaries is attached hereto.

Further, each of those directors is provided with a City vehicle and free parking. The Port's Executive Director declined the use of a Port vehicle. That vehicle was surplus and the proceeds were returned to the Port in August 2004. Additionally, commencing August 1, 2005, the Port's Executive Director has paid, on a monthly basis, for parking at the Port for her private vehicle.

**This Print Covers Calendar Item No. 8B**



Because of the Charter provision stating that the Port Executive Director's salary is set by the Port Commission, the Port Executive Director is subject neither to collective bargaining nor representation by an employee organization. Nearly all other department heads and the Mayor are represented by the Municipal Executives Association (MEA) and have their salaries set through the collective bargaining process.

The Port Commission's past practice has been to set the benefits and working conditions of the Port Executive Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and County of San Francisco and MEA.

Per MEA's current MOU with the City, managers represented by MEA are scheduled to receive two salary increases, one each in Fiscal Years 2007-08 and 2008-09. On June 28, 2008, MEA salaries increased by 2%. However, the Port's Executive Director, with Port Commission approval, declined this salary increase and her salary remained unchanged in FY 2007-08. The Port Executive Director's salary last increased on December 30, 2006.

On December 27, 2008, MEA salaries are scheduled to increase by an additional 3%. During the City's FY 2008-09 budget negotiations, MEA agreed to have their represented employees take five unpaid furloughs in each of the next two fiscal years in order to save jobs and preserve City services. In FY 2008-09 and FY 2009-10, thirty-nine (39) hours of unpaid administrative leave shall be deducted in each fiscal year resulting in an approximate 2% wage reduction per fiscal year.

If the Port Executive Director's salary increases on December 27, 2008 at the same rate as that of employees represented by MEA, her salary will increase to \$238,586. However, the Executive Director proposes to also take five unpaid furloughs in each of the next two fiscal years reducing her salary to \$234,113 after each annual work furlough reduction. As such, the total annualized base salary that would be paid to the Executive Director in Fiscal Year 2008-09 is approximately \$235,111 (reducing to \$230,703 after work furlough reduction). This salary reflects an actual 0.4% pay cut and does not exceed the average annual salary currently paid to Port Directors in other West Coast ports and conforms to the requirements of Charter Section B8.3581.

It is recommended, therefore, that the salary and benefits for the Port Executive Director be set this year in accordance with the salary and benefits adopted by the Port Commission for FY 2008-09 pursuant to the terms of the collective bargaining agreement between the executive management bargaining group represented by the Municipal Executives Association. The proposed salary conforms to the salary setting parameters set in Charter Section B3.581.

Prepared by: Lavena Holmes-Williams  
Human Resources Manager  
Finance & Administration



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-56**

- WHEREAS, Section B3.581(h) of the Charter grants the Port Commission the exclusive authority to set the compensation (salary and benefits) of the Port Executive Director; and
- WHEREAS, Section B3.581(h) of the Charter provides that the compensation of the Port Executive Director shall not exceed prevailing salaries paid to those holding similar positions in comparable maritime employment; and
- WHEREAS, a survey of salaries paid to Port Directors in the major west coast seaports indicated that the current average compensation is \$254,535; and
- WHEREAS, a survey of City department heads in similar enterprise departments indicated that the average salary as of July 1, 2008 is \$258,825, with an increase of three percent on December 27, 2008; and
- WHEREAS, it has been the practice of the Port Commission to establish benefits and working conditions for the Port Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and the Municipal Executives Association; now, therefore be it
- RESOLVED, that the salary of the Port Executive Director for Fiscal Year 2008-09 will increase by Three Percent on December 27, 2008; and, be it further
- RESOLVED, that the Port Executive Director will take 39 hours of unpaid administrative leave split evenly over FY 2008-09 and FY 2009-10 in accordance with the Municipal Executives Association practices; and, be it further
- RESOLVED, that the benefits and working conditions provided to the Port Executive Director in Fiscal Year 2008-09 will be the same as those provided to employees represented by the Municipal Executives Association in Fiscal Year 2008-09.

*I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 9, 2008.*

---

Secretary





# PORT DIRECTOR SALARY SURVEY AUGUST 2008

| PORT                   | SEA/AIR | CURRENT<br>SALARY | EFFECTIVE<br>DATE | INCREASE FROM<br>PREV REVIEW | EMPLOYEES | TOTAL GROSS<br>REVENUE |
|------------------------|---------|-------------------|-------------------|------------------------------|-----------|------------------------|
| Long Beach(LY #s used) | Sea     | \$ 244,576        | 1/1/2007          | n/a                          | 346       | \$ 476,644,000         |
| Los Angeles            | Sea     | \$ 267,500        | 3/23/2007         | 9%                           | 967       | \$ 411,200,000         |
| Oakland*               | Sea/Air | \$ 250,008        | 2/1/2008          | * <20%>                      | 641       | \$ 291,226,970         |
| Portland               | Sea/Air | \$ 277,286        | 8/31/2007         | 7%                           | 800       | \$ 300,000,000         |
| San Diego              | Sea     | \$ 232,606        | 10/1/2005         | none                         | 631       | \$ 154,400,000         |
| Seattle                | Sea/Air | \$ 319,300        | 3/1/2008          | 3%                           | 1600      | \$ 534,559,000         |
| Stockton**             | Sea     | \$ 225,000        | 6/2/2008          | ** <7%>                      | 105       | \$ 31,764,828          |
| Tacoma                 | Sea     | \$ 220,000        | 1/1/2008          | 10%                          | 250       | \$ 102,102,000         |
| Total                  |         | 2,036,276         |                   |                              |           |                        |
| Average-All Ports      |         | \$ 254,535        |                   | <1> %                        |           |                        |
| Average-Seaport only   |         | \$ 237,936        |                   |                              |           |                        |
| San Francisco          | Sea     | \$ 231,637        | 12/30/2006        |                              | 220       | \$ 61,815,410          |

\*Port of Oakland salary prev review included \$15,500 in deferred comp and up to \$69,000 in eligible bonus

\*\* Port of Stockton salary prev review included \$45,000 in annual salary bonus

LY #s used - Port did not respond to survey, results from last year survey carried forward

| CITY AND COUNTY OF SAN FRANCISCO<br>DEPARTMENT HEADS | CURRENT<br>SALARY |
|--|-------------------|
| Director, PUC  | \$ 247,052        |
| Director, Airport                                    | \$ 286,000        |
| Gen Mgr, MTA   | \$ 315,139        |
| Dir, DPW   | \$ 198,882        |
| Director of Health                                   | \$ 247,052        |
| Average  | \$ 258,825        |
| Port Director  | \$ 231,637        |

|  |         |
|--|---------|
| PORT DIRECTOR SALARY IF<br>PORT COMMISSION GRANTS<br>MEA SALARY AND BENEFITS |         |
| 12/27/2008   | 238,586 |
| Less Furloughed Days   | (4,473) |
|  | 234,113 |





## MEMORANDUM

September 4, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Request for approval of the First Amendment to the five-year Non-Exclusive Terminal Management Agreement with Metropolitan Stevedore Company, doing business as Metro Ports, for management of the Pier 80 Cargo Terminal

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### Background

On June 10, 2008, the Port Commission approved a five-year non-exclusive Terminal Management Agreement with Metropolitan Stevedore Company ("Metro Ports") for management and operation of the Port's cargo terminal at Pier 80, under Resolution No. 08-41 ("Management Agreement"). The effective date of the agreement is July 1, 2008.

The Port Commission approved this Management Agreement generally upon the same terms and conditions between the Port and the previous terminal operator, Marine Terminals Corporation, who notified the Port that they would be ceasing their San Francisco Pier 80 operation as of June 30, 2008. Subsequent to the Port Commission's approval of the Management Agreement, Metro Ports requested material modifications, which require Port Commission approval. Port staff agrees that such modifications will improve our partnership with Metro Ports and recommends that the Management Agreement be amended by the First Amendment in substantially the form attached hereto as Attachment A ("First Amendment"). The proposed terms of the First Amendment and explanations thereof are as follows:

**Section 2.5 – Facility:** The proposed First Amendment will add Berth D to the premises. Berth D was not part of the Marine Terminals Corporation Pier 80 Facility Site Plan because the Port once had a separate layberth agreement with the U.S. Maritime Administration. That berthing agreement has since expired and Berth D has gone unused for several years. The Port has recently completed dredging of Berth D to a sufficient depth to once again facilitate layberth vessels. The First Amendment provides for Metro Ports to market, manage and be responsible for all federally mandated security protocols at Berth D and for the Port and Metro Ports to share layberth revenues. Port staff recommends Berth D be added to the Facility Site Plan.

**This Print Covers Calendar Item No. 8C**





**Section 3.3 - Non-Exclusive:** In the First Amendment, Port staff propose to amend the wording of this section's title to "Exclusive Management Contractor Rights" and delete all references to "non-exclusive" in Section 3.3 of the Management Agreement. Traditionally, terminal management agreements had been classified non-exclusive at Port marine terminals allowing the Port to bring in other stevedore companies to work vessels if the Port deemed it commercially advantageous. In recent years, however, ports have exclusive use agreements with terminal operators, particularly in light of new federally mandated security responsibilities and the large investment required in environmentally compliant forklifts and trucks. This agreement is structured to give Metro Ports exclusive stevedoring rights while maintaining a financial incentive to allow other cargo interests to operate at the facility.

**Section 6.2 - Letter of Credit:** The proposed First Amendment will require the Port to give Metro Ports fourteen days to cure any default before the Port may draw upon the Letter of Credit funds. This provision allows Metro a reasonable and defined amount of time to respond to environmental default notifications from the Port.

**Section 11.2 – Termination by Either Party:** The First Amendment will delete the existing wording "After two (2) years from the Commencement Date hereof, either party may terminate this Agreement without penalty for any reason upon one-hundred-twenty days (120) prior written notice." Metro Ports and the Port both intend for Metro Ports to continuously manage Pier 80 for a full 5 year term. Marine Terminal Corporation managed Pier 80 for ten years and the early termination clause was added after the initial contract's term and unintentionally carried over into the Management Agreement. Both Metro Ports and the Port believe that eliminating the mutual option to cancel without cause after two years will result in a true 5-year agreement and in turn help Metro Ports to better amortize financial investment in improvements at the terminal. Note, however, that the ability of either party to terminate the Management Agreement with 90-days notice due to insufficient volumes remains.

**Section 14.3(b)(ii) - Requirement to Remove, Notification of Any Notice, Investigation or Claim:** The First Amendment will add the phrase "in the Facility" to make this section wording consistent with the other clauses in this section and to clarify that a violation has occurred only at Pier 80.

**Section 15 – Exculpation and Indemnity:** Metro Ports has requested a clarification and revision to the Exculpation and Indemnity clauses (sections 15.1 and 15.2) of the Agreement. The proposed amendments will clarify that the terminal operator has no obligation to release or indemnify for claims caused by pre-existing facility conditions for which the Port is otherwise responsible under the agreement and where the terminal operator is free of negligence. In consultation with the City Attorney's office, Port staff has negotiated revisions to these provisions of the Management Agreement.

**Recommendation:**

Port staff requests that the Port Commission authorize staff to execute the First Amendment to Terminal Management Agreement L-14583 with Metro Ports in accordance with the changes described above and in substantially the form of the First Amendment attached hereto as Attachment

Prepared by: Jim Maloney  
Maritime Marketing Manager

For: Peter Dailey  
Deputy Director, Maritime



**PORT COMMISSION  
CITY & COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-57**

- WHEREAS, Section B3.581 of the City Charter empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control waterfront properties of the City and County of San Francisco; and
- WHEREAS, The Port holds in trust and subject to its lawful disposition certain maritime facilities located at the Cargo Terminal at Pier 80 (hereinafter "Pier 80 Cargo Facility") situated in the City and County of San Francisco; and
- WHEREAS, The Port Commission previously approved a Non-Exclusive Management Agreement with Metropolitan Stevedore Company (doing business as Metro Ports) for terminal operation services at the Pier 80 Cargo Facility, on substantially similar terms and conditions as described in the staff memorandum; and
- WHEREAS, After the Port Commission's approval of the proposed agreement, Metro Ports requested material revisions to certain clauses of the agreement, including, among others, Section 11.2 relating to early termination, and Section 15 relating to exculpation and indemnity, which Port staff find acceptable and in the Port's interests; now, therefore, be it
- RESOLVED, The San Francisco Port Commission hereby authorizes and directs the Executive Director to execute the proposed First Amendment to the Terminal Management Agreement upon such terms and conditions described in the accompanying staff memorandum and substantially presented in Attachment A thereto for Agenda Item No. 8C, and in such form as shall be approved by the City Attorney's office.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

\_\_\_\_\_  
Secretary



**CITY AND COUNTY OF SAN FRANCISCO**

**GAVIN C. NEWSOM, MAYOR**

**FIRST AMENDMENT TO  
TERMINAL MANAGEMENT AGREEMENT L-14583**

**BY AND BETWEEN**

**THE CITY AND COUNTY OF SAN FRANCISCO  
THROUGH THE SAN FRANCISCO PORT COMMISSION**

**AND**

**METROPOLITAN STEVEDORE COMPANY  
A SUBSIDIARY OF NAUTILUS INTERNATIONAL HOLDING CORP.,  
A CALIFORNIA CORPORATION**

**SEPTEMBER 9, 2008**

**MONIQUE MOYER  
EXECUTIVE DIRECTOR**

**SAN FRANCISCO PORT COMMISSION**

**KIMBERLY BRANDON, PRESIDENT  
RODNEY FONG, VICE PRESIDENT  
MICHAEL HARDEMAN, COMMISSIONER  
ANN LAZARUS, COMMISSIONER  
STEPHANIE SHAKOFSKY, COMMISSIONER**





## ATTACHMENT A: FIRST AMENDMENT TO TERMINAL MANAGEMENT AGREEMENT

*This First Amendment to the TERMINAL MANAGEMENT AGREEMENT No. L-14583 (this "Agreement"), dated for reference purposes only as of this ninth day of September, 2008, by and between the City and Country of San Francisco ("City"), a municipal corporation, acting by and through the San Francisco Port Commission ("Port"), and Metropolitan Stevedore Company, a California Corporation ("Management Contractor") is made with reference to the following facts:*

### RECITALS

- A. Port and Management Contractor entered into a five-year Nonexclusive Management Agreement for the operation of Pier 80 on July 1, 2008; and
- B. The parties now desire to update and amend various provisions in the Agreement;

*Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Port and Management Contractor do hereby agree as follows:*

### AGREEMENT

- 1. **Recitals:** The foregoing recitals are true and correct and are incorporated herein by this reference.
- 2. **Effective Date:** The effective date of this First Amendment to the Nonexclusive Management Agreement shall be September 9, 2008 (hereinafter the "Effective Date").
- 3. **Section 2. Definitions**
  - a) Item 2.5 Facility is amended to read:  
"Facility" shall mean those portions of the marine cargo terminal and appurtenances thereto located at the premises commonly referred to as Pier 80 Cargo Terminal, Port of San Francisco, including the four (4) container cranes, Sheds A and D, portions of the container yard and vessel berths A, B, C and D all as described on Exhibit A attached hereto and incorporated by reference herein.
- 4. **Section 3. Services to be Performed by Management Contractor**
  - a) Item 3.3 Non-Exclusive is amended to read:  
Section 3.3 Exclusive Management Contractor Rights  
Management Contractor shall have exclusive rights to provide services to marine terminal users and vessels at the Facility. Port may, in its sole discretion, use or allow the use of the Facility for other operations, including leases, subleases, or licenses with third parties or any other use of the Facility incidental to Port's interests. The Port shall not allow the



Facility to be used in a manner that would materially interfere with Management Contractor's operations at the Facility or materially increase the costs to Management Contractor of performing its obligations hereunder.

## **5. Section 6. Environmental Oversight Deposit and Letter of Credit**

- a) Item 6.2 Letter of Credit is amended to read:  
Port will first deliver written notice of default and give Management Contractor fourteen (14) calendar days after its delivery to cure or actively work to cure default, after which time Port may use, apply, or retain the Letter of Credit in whole or in part to reimburse Port for administrative costs and expenses incurred by Port for curing damage Port incurs as a result of Management Contractor's default.

## **6. Section 11. Termination**

- a) Item 11.2 Termination by Either Party is amended to read:  
Either party may be allowed to terminate this Agreement at any time with ninety (90) days prior written notice if Star Shipping or Saga Forest Carriers discontinue calls to Pier 80 or if cargo volume declines below 7,000 metric tons in any month. Both parties waive any and all claims it may have against the other party and its officers, employees, or agents by reason of termination under this Section 11, except any monies due to either party prior to any such termination.

## **7. Section 14. Hazardous Materials**

- a) Item 14.3(b)(ii) Requirement to Remove, Notification of Any Notice, Investigation or Claim is amended to read:  
Any notice of a violation, or a potential or alleged violation in the Facility, of any Environmental Law that is received by Management contractor from any governmental agency or regulatory agency;

## **8. Section 15. Indemnity and Exculpation**

- a) Item 15.1 Exculpation is amended to read (changes underlined):  
Management Contractor, as a material part of the consideration to be rendered to Port, hereby waives any and all claims against Port, City and its officers, agents and employees and agrees to hold Port and City and their officers, agents and employees harmless from any claims for damages to goods, wares, goodwill, merchandise, equipment or business opportunities and by persons in, upon or about said Facility for any cause arising at any time, including all claims arising from the joint or concurrent negligence of Port or City, or their officers, agents, or employees; but excluding any negligent or harmful acts committed solely by Port or City, and claims resulting from pre-existing site conditions of the Facility for which the Port is responsible under Section 9.2 and which do not involve any negligence whatsoever on the part of Management Contractor.
- b) Item 15.2 Indemnity is amended to read (changes underlined):  
Management Contractor shall hold Port, City and their officers, agents and employees harmless from, and, if requested, shall defend them against, any and all claims, direct or vicarious liability, damage or loss arising directly or indirectly out of:
  - (a) any injury to or death of any person; including employees of Management Contractor, or damage to or destruction of any property occurring in, on or about the Facility, or any part thereof, from any cause whatsoever,





(b) any default by Management Contractor in the observance or performance of any of the terms, covenants or conditions of this Agreement, and

(c) the use, occupancy or condition of the Facility or Management Contractor's activities therein.

This indemnity shall be enforceable regardless of the negligence of the Port or the City, and regardless of whether liability without fault is imposed or sought to be imposed on the Port or the City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on, or validly retroactive to, the date of this Agreement. This indemnity includes all such loss, damage, injury, liability or claims as described above, including, without limitation, loss predicated in whole or in part, upon joint or concurrent negligence of Port, City or their Agents. This indemnity obligation shall exclude only those claims, liability, damage or loss resulting from the sole negligence or willful misconduct of the Port or the City, and claims resulting from pre-existing site conditions and specified elements of the Facility for which the Port is responsible under Section 9.2 and which do not involve any negligence whatsoever on the part of Management Contractor.

In addition to Management Contractor's obligation to indemnify Port and City, Management Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Port and City from any claim which actually or potentially falls within this indemnification provision. Management Contractor's obligation to defend shall arise at the time such claim is tendered to Management Contractor by Port and/or City and shall continue at all times thereafter.

The foregoing indemnity obligation of Management Contractor shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification by Management Contractor shall begin from the date Management Contractor shall receive the first notice that any claim or demand is or may be made. The provisions of this section shall survive the termination of this Agreement with respect to any damage, destruction, injury or death occurring prior to such termination.

**9. Remainder Unchanged.** Except as otherwise provided for herein, the remainder of the Agreement remains in full force and unchanged.

Amendments to the original Agreement will be effective as of September 9, 2008.



Whereby, the parties enter into this Agreement as of the date first above written.

**CITY AND COUNTY OF SAN FRANCISCO**  
A municipal corporation  
operating by and through the  
**SAN FRANCISCO PORT COMMISSION**

**METROPOLITAN STEVEDORE  
COMPANY,**  
A California Corporation

By: \_\_\_\_\_  
Monique Moyer  
Executive Director

By: \_\_\_\_\_  
James Callahan  
President & CEO

Date Executed: \_\_\_\_\_

Date Executed: \_\_\_\_\_

APPROVED AS TO FORM:

Dennis J. Herrera, City Attorney

\_\_\_\_\_  
By: Timothy L. Yoshida  
Deputy City Attorney

Authorization by Port Commission Resolution No.

Adopted: September 9, 2008





## MEMORANDUM

September 4, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Request Approval of the Port's Supplemental Appropriation of \$3,644,438 in 2008 Clean and Safe Neighborhood Parks General Obligation Bond Funds and \$130,462.77 in old Port Revenue Bond Funds for Port Open Space Projects

**DIRECTOR'S RECOMMENDATION:** Approve attached resolution

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### ***Background***

On February 5, 2008, San Francisco's voters approved a \$185 million General Obligation bond entitled the 2008 Clean and Safe Neighborhood Parks General Obligation (GO) Bond (the "2008 GO Bonds") of which \$33.5 million is earmarked for several waterfront parks on Port property. The Ordinance adopted by the City in October 2007 that placed the 2008 GO Bond on the ballot identified the following sites on Port property to receive GO bond funds and the City's bond report identified the project and bond issuance funding levels for waterfront parks projects:

- |   |                   |
|---|-------------------|
| ➤ Pier 43.5 Promenade   | \$7,800,000       |
| ➤ Brannan Street Wharf Park                                     | 2,900,000         |
| ➤ <u>Blue-Greenway Projects</u>                                 | <u>22,100,000</u> |
| Bayfront Park at Mission Bay                                    |                   |
| Pier 70 Crane Cove Park   |                   |
| Warm Water Cove Park  |                   |
| Islais Creek Shoreline Parks                                    |                   |
| Heron's Head Park Entrance                                      |                   |
| Design Standards and Enhancements to all Blue-Greenway Projects |                   |

THIS PRINT COVERS CALENDAR ITEM NO. 9A





|   |                  |
|---|------------------|
| Total Project Allocations                     | \$32,800,000     |
| Bond Issuance Costs                           | <u>\$700,000</u> |
| Total Allocation to Waterfront Parks Projects | \$33,500,000     |

### ***Proposed Supplemental Appropriation***

On July 8, 2008 the Port Commission approved including the Port's list of projects and funding of \$3,644,438 in the City and County of San Francisco's first issuance of the 2008 GO Bonds that took place in August 2008. The purpose of this item is to request Port Commission approval of the supplemental appropriation of the \$3,644,438 in 2008 GO Bond funds for the Port's projects. In addition, we are requesting Port Commission approval to appropriate \$130,462.77 in old Port revenue bond funds from closed out projects to the Pier 43.5 Promenade project.

The following is a summary of the Port projects included in the first issuance of the 2008 GO Bonds for which we are requesting a supplemental appropriation:

| <b>Project Name</b>                                  | <b>ESTIMATED<br/>COST</b> |
|--|---------------------------|
| CEQA and Permitting - All Projects                   | \$577,500                 |
| Pier 43.5 Promenade – Engineering and Design         | 1,315,875                 |
| Blue-Greenway Projects                               |                           |
| Design & Planning                                    | 220,000                   |
| Signs, Furnishings & Lighting                        | 550,000                   |
| Bayfront Park (Mission Bay) - Engineering and Design | 431,063                   |
| Heron's Head – Design and Construction               | 550,000                   |
| <b>Total</b>   | <b>\$3,644,438</b>        |

The Port's first bond sale appropriation request consists of those activities that can begin immediately, or can be completed in the very near term. Overall, the Port's request for funding from the first bond sale includes of \$2,433,125 or approximately 66% for preparatory work, including CEQA review, permitting, engineering and design work. Where construction can be completed in the very near future, the Port has included two projects: the Heron's Head Park project and the project for signs, site furnishings and lighting improvements to the Blue-Greenway. The total request for construction work is \$880,000 or approximately 24% of the overall request. Also included is a \$331,313 or 10% contingency for the work listed above.

Port staff have been reviewing capital project accounts to determine which ones to close and return the unused funds to fund balance. During that review, Port staff identified \$130,462.77 in old Port revenue bond funds in closed projects that we need to expend to fully close out the revenue bond funds. Port staff identified the Pier 43.5 Promenade project as a good candidate for these funds since (1) of the 2008 GO Bond funded projects it is the furthest along in the engineering and design process and therefore more likely to use the funds within the next year, and (2) 2008 GO Bond funding allocated to the Pier 43.5 Promenade project had been reduced last year below the Port's requested amount during negotiations with the City and open space



advocates such that the Pier 43.5 project could use the additional funds to help fund the project as it is currently envisioned. The proposed appropriation of \$130,462.77 in old Port revenue bond funds would help fund the engineering and design phase of the Pier 43.5 Promenade project. Thus, the total budget for the Pier 43.5 Promenade Engineering and Design phase is \$1,446,338 (\$1,315,875 in 2008 GO Bond funds + \$130,462.77 in old Port revenue bonds = \$1,446,338.)

We expect Mayor Gavin Newsom to introduce the supplemental appropriation at the September 9, 2008 Board of Supervisors meeting. Assuming the supplemental appropriation request is scheduled at the next available Board of Supervisors Finance and Budget Committee meeting, the appropriation should be in place by the first of November 2008.

### ***Conclusion***

In summary, in August 2008 the City issued the first series of the 2008 Clean and Safe Neighborhood Park General Obligation bonds that included \$3,644,438 for Port projects. Port staff requests Port Commission approval to appropriate the \$3,644,438 in 2008 GO Bond funds to be used primarily to fund planning and engineering services. In addition, Port staff request approval to appropriate \$130,462.77 in old Port revenue bond funds to the Pier 43.5 Promenade project.

The City expects the second bond issuance to take place in October 2009. At that time, Port staff plans to request GO bond funding to develop detailed designs for the Blue Greenway projects that have been identified through the planning process as well as funding to construct the Pier 43.5 Promenade, Bayfront Park, and Brannan Street Wharf projects.

Prepared by: Tina Olson, Deputy Director, Finance & Administration





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-58**

- WHEREAS, On February 5, 2008 San Francisco's voters approved a \$185 million Clean and Safe Neighborhood Parks General Obligation bond measure (the "2008 GO Bonds"); and
- WHEREAS, The 2008 GO Bonds include \$33.5 million for waterfront park projects on Port property; and
- WHEREAS, The City & County of San Francisco issued the first series of the 2008 GO Bonds in August 2008; and
- WHEREAS, The first 2008 GO Bond issuance included \$3,644,438 for Port waterfront parks projects including (1) CEQA review and permitting for all of the waterfront parks projects; (2) the engineering design for the Pier 43.5 Promenade and Bayfront Park projects; (3) the Blue-Greenway planning efforts; (4) developing Blue-Greenway design standards; (5) design and construction of the Heron's Head Park entrance and parking lot; and (6) acquisition and installation of some of the signs, furnishings, and lighting in the Blue-Greenway; and
- WHEREAS, Port staff have identified \$130,462.77 in old revenue bond funds from closed out projects; and
- WHEREAS, Port staff recommend that the \$130,462.77 in old revenue bond funds be re-appropriated to the Pier 43.5 Promenade project; therefore be it
- RESOLVED, That the Port Commission hereby approves appropriating \$3,644,438 in 2008 GO Bond funds for waterfront parks projects on Port property and \$130,462.77 in old Port revenue bond funds for the Pier 43.5 Promenade project.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

---

Secretary





## MEMORANDUM

September 3, 2008

**TO: MEMBERS, PORT COMMISSION**  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Request Approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for approximately 29,734 square feet of space on the west end of Pier 17, and subject to Board of Supervisors approval (Resolution No. 08-59); and Request Approval of a Month-to-Month License No. 14604 for Temporary Retail Sales, for approximately 235 square feet of space on the north side of Pier 17 (Resolution No. 08-60)

**DIRECTOR'S RECOMMENDATIONS:** Approve Attached Resolutions

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### Background

TCHO Ventures, Inc. ("TCHO") has been a Port tenant since June 1, 2006 at Pier 17 and is a tenant in good standing. Located in the Northern Waterfront, Pier 17 was constructed in 1912 and is within the Embarcadero Historic District. Pier 17 is approximately 108,000 square feet. TCHO currently occupies about 29,000 square feet of both pier shed and bulkhead office space, see attached map.

TCHO is a San Francisco based start-up company founded in 2006. TCHO uses technology to map cocoa beans by their flavor compounds onto a six-segmented flavor wheel. The company's plan is to allow others to use their flavor wheel in the hopes that it will become the industry standard for chocolate-based food products. TCHO also mass produces and sells chocolate to food companies and consumers via the Internet.

### Lease Proposal

TCHO is now proposing to expand its current chocolate manufacturing facility to include a retail space for on-site sales of high quality chocolate products exclusively manufactured by TCHO,

**THIS PRINT COVERS CALENDAR ITEM NO. 10A**



and develop an interactive kitchen for chocolate making instruction and demonstration classes.

Under Port Resolution No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities. Retail business at the Port is defined to include such operations as restaurants, galleries, ship chandleries, souvenir shops, parking lot operations and excursion vessel operations.

As an exception, the policy allows the Port to directly negotiate an extension to an existing Port tenant's lease if the tenant meets certain criteria that are enumerated in Port Commission Resolution No. 93-52. Retail leasing opportunities need not be bid when: 1) the tenant is in good standing; 2) the tenant is committed to making significant capital investment in its leasehold which will benefit the Port; and 3) the benefits of direct negotiations outweigh the benefits of competitive bidding.

The direct negotiations policy may be applied when the tenant in good standing approaches the Port with a sound business plan requiring a capital investment in its leasehold, the tenant has a month-to-month lease or has lease term insufficient to support its business plan; and the tenant is the best economic tenant available.

TCHO meets the criteria found in the Retail Leasing Policy. TCHO's current lease at Pier 17 expires on December 31, 2008. TCHO is committed to making significant improvements to Pier 17. It has submitted a Port Building Permit for improvements in the amount of \$800,000. These improvements include upgrade and separation of all utilities, demising approximately 19,000 square feet of pier shed, installation of public accessibility improvements required by the San Francisco Bay Conservation and Development Commission ("BCDC"), and installation of accessibility improvements required under the Americans with Disabilities Act.

The Port lease opportunities at Pier 17 are very constrained if not impractical or impossible due to the limitations of use, and specifically the term the Port is able to offer prospective tenants due to the Exploratorium Project at Pier 15 (and subsequently Pier 17) scheduled for 2009.

### **Environmental Review**

TCHO has received a Categorical Exception from City Planning for this proposed use.

### **Temporary Retail Sales**

In anticipation of the proposed new five-year lease, TCHO has requested the right to temporarily conduct retail sales from a small building (approximately 235 square feet) on the north side of Pier 17 that it currently occupies. This use would be strictly temporary during construction of Tenant's improvements under its five-year lease. This use will be terminated upon receipt of the Certificate of Occupancy issued by the Port for the Pier 17 location. This temporary use is anticipated not to exceed six months and is permitted by the Categorical Exception. TCHO and the Port have agreed on mutually acceptable terms and conditions that are memorialized in the License No. 14604 now before the Port Commission for approval.





## Analysis

TCHO estimates that its first year retail sales will be in the range of \$2 Million. Under the terms of the Lease, the Port receives 7% of all gross sales with the exception of internet sales. TCHO's base rent is \$278,600 annualized; therefore, it is likely that the Port will realize total rents in the amount of \$420,000 in the first year and is expected to increase through the term of the Lease, subject to Board of Supervisors' approval.

Pursuant to the Port's 1993 Retail Leasing Policy, TCHO is also required under the Lease to make a one-time payment to the Port in the amount of \$75,000 for non-tenant related improvements to Pier 17 such as improvements to the water delivery and sewer system that will primary service the vessel berthing site at the face of Piers 15/17. In addition, TCHO will invest \$800,000 to upgrade and improve the electrical system including separation of those utilities, construct ADA compliant bathrooms, construct and maintain public access improvements such as benches and trash receptacles, and completely demise approximately 19,000 square feet of pier shed along with new fixtures and mechanical systems.

## LEASE TERMS

|                                     |   |
|-------------------------------------|---|
| <b>TENANT</b>                       | TCHO Ventures Inc., a Delaware Corporation  |
| <b>USE:</b>                         | Manufacturing, Retail Sales, and Display Kitchen  |
| <b>LEASE NUMBER</b>                 | L-14584   |
| <b>PREMISES:</b>                    | 29,734 square feet of improvements located at the west end of Pier 17 per attached Exhibit  |
| <b>LEASE COMMENCEMENT DATE:</b>     | Upon Lease approval by Board of Supervisors and final execution by Port, anticipated by October 1, 2008                           |
| <b>RENT COMMENCEMENT DATE:</b>      | On the Lease Commencement Date  |
| <b>LEASE EXPIRATION DATE:</b>       | Five years from Rent Commencement Date but no later than December 31, 2013  |
| <b>INITIAL MONTHLY BASE RENT:</b>   | \$23,223.70 or \$.078 per square foot   |
| <b>RENT ADJUSTMENT</b>              | 3% each anniversary date  |
| <b>PERCENTAGE RENT:</b>             | 7% of Gross Sales with the exception of Internet Sales  |
| <b>CAPITAL IMPROVEMENT PAYMENT:</b> | Tenant is required to make a one time payment of \$75,000 for non-tenant related improvements to Pier 17 which benefits the Port. |



|                                   |  |
|-----------------------------------|--|
| <b>SECURITY DEPOSIT:</b>          | Tenant shall provide a Security Deposit equal to two (2) month's Base Rent in the tenth year of Lease.   |
| <b>TENANT IMPROVEMENTS:</b>       | Tenant improvements in the amount of \$800,000. Tenant shall have the obligation and right to design and construct tenant improvements at tenant expense, subject to Port approval and permitting. Tenant shall fully separate the new building from the existing adjacent building including the separation of all utilities. No rent credits or allowances to be provided by Port. |
| <b>PERFORMANCE BOND:</b>          | Tenant shall provide a Performance and Payment Bond in an amount equal to 150% of the construction cost of Tenant Improvements per the approved Building Permit.   |
| <b>UTILITIES:</b>                 | Tenant's sole responsibility including separation and sub-metering.  |
| <b>ENVIRONMENTAL REVIEW:</b>      | The use is a continuation of an existing use and is therefore exempt under the General Rule Exclusion pursuant to the California Environmental Act.  |
| <b>CITY REQUIREMENTS:</b>         | The Lease shall include provisions requiring Tenant to comply with all applicable City laws (including, but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws).   |
| <br><b><u>LICENSE TERMS</u></b>   |  |
| <b>TENANT:</b>                    | TCHO Ventures Inc., a Delaware Corporation   |
| <b>USE:</b>                       | Temporary Retail Sales   |
| <b>LICENSE NUMBER:</b>            | 14604  |
| <b>PREMISES:</b>                  | 235 square feet on the north side of Pier 17 per attached Exhibit  |
| <b>LICENSE COMMENCEMENT DATE:</b> | Upon approval of the Port Commission, anticipated by September 9, 2008   |
| <b>RENT COMMENCEMENT DATE:</b>    | On License Commencement date   |
| <b>LICENSE EXPIRATION DATE:</b>   | Month-to-Month but no later than the issuance of occupancy permit for Lease L-14584. Anticipated to be six months.   |





**INITIAL MONTHLY BASE**

**RENT:** \$434.75 or \$1.85 per square foot

**PERCENTAGE RENT:** 7% of Gross Sales

**Staff Recommendation**

Port staff recommends that the Port Commission: (1) adopt the resolution approving Lease No. L-14584 and subject to Board of Supervisors' approval; (2) and authorize the Executive Director to forward the Lease to the Board of Supervisors for approval pursuant to Board's authorization under Charter Section 9.118; and (3) upon the effectiveness of such approval, execute the Lease. Port staff further recommends that the Port Commission adopt the resolution approving License No. 14604 and authorize the Executive Director or her designee to execute said License.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-59**

- WHEREAS, Charter Section B4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisors' approval of leases of real property with anticipated revenue to the City of One Million Dollars (\$1,000,000.00) or more; and
- WHEREAS, Pursuant to Port Commission Resolution No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, The Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when: 1) the tenant is in good standing; 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port; and 3) the benefits of direct negotiation outweigh the benefits of competitive bidding; and
- WHEREAS, The Port Commission also requires, pursuant to its 1993 Retail Leasing Policy, that the tenant is in good standing with a sound business plan that requires a capital investment in its leasehold and the Tenant's lease term is insufficient to support its business plan; and
- WHEREAS, TCHO Ventures Inc., a Delaware corporation ("TCHO"), is an existing tenant in good standing and TCHO is willing to make improvements in the amount of \$800,000 that will benefit the Port; and
- WHEREAS, The Port and TCHO have completed Lease negotiations and propose to enter into a lease and sidewalk encroachment license (the "Lease") as outlined in the Staff Report accompanying this Resolution; and
- WHEREAS, The Port and TCHO have obtained a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the Lease; now, therefore, be it
- RESOLVED, That the Port Commission approves the Lease and authorizes and directs the Executive Director or her designee to forward the Lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further



RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any such amendments thereto.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

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Secretary





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-60**

- WHEREAS, Charter Section B4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, Pursuant to Port Commission Resolution No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, The Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when: 1) the tenant is in good standing; 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port; and 3) the benefits of direct negotiation outweigh the benefits of competitive bidding; and
- WHEREAS, The Port Commission also requires, pursuant to its 1993 Retail Leasing Policy, that the tenant is in good standing with a sound business plan that requires a capital investment in its leasehold and the Tenant's lease term is insufficient to support its business plan; and
- WHEREAS, TCHO Ventures Inc., a Delaware corporation ("TCHO"), is an existing tenant in good standing and TCHO is willing to make \$800,000 of investment in property that will benefit the Port; and
- WHEREAS, TCHO has requested the right to conduct temporary retail sales from a small portion of its premises and TCHO shall pay to Port a minimum rent with a percentage rent of gross sales of 7%; and
- WHEREAS, The Port and TCHO have completed License negotiations and propose to enter into a month-to-month License as outlined in the Staff Report accompanying this Resolution ("License"); and
- WHEREAS, The Port and TCHO have obtained a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the License; now, therefore, be it
- RESOLVED, That the Port Commission approves the License and authorizes the Port Executive Director or her designee to execute said License, and that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the License that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not



materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the License, and any such amendments thereto.

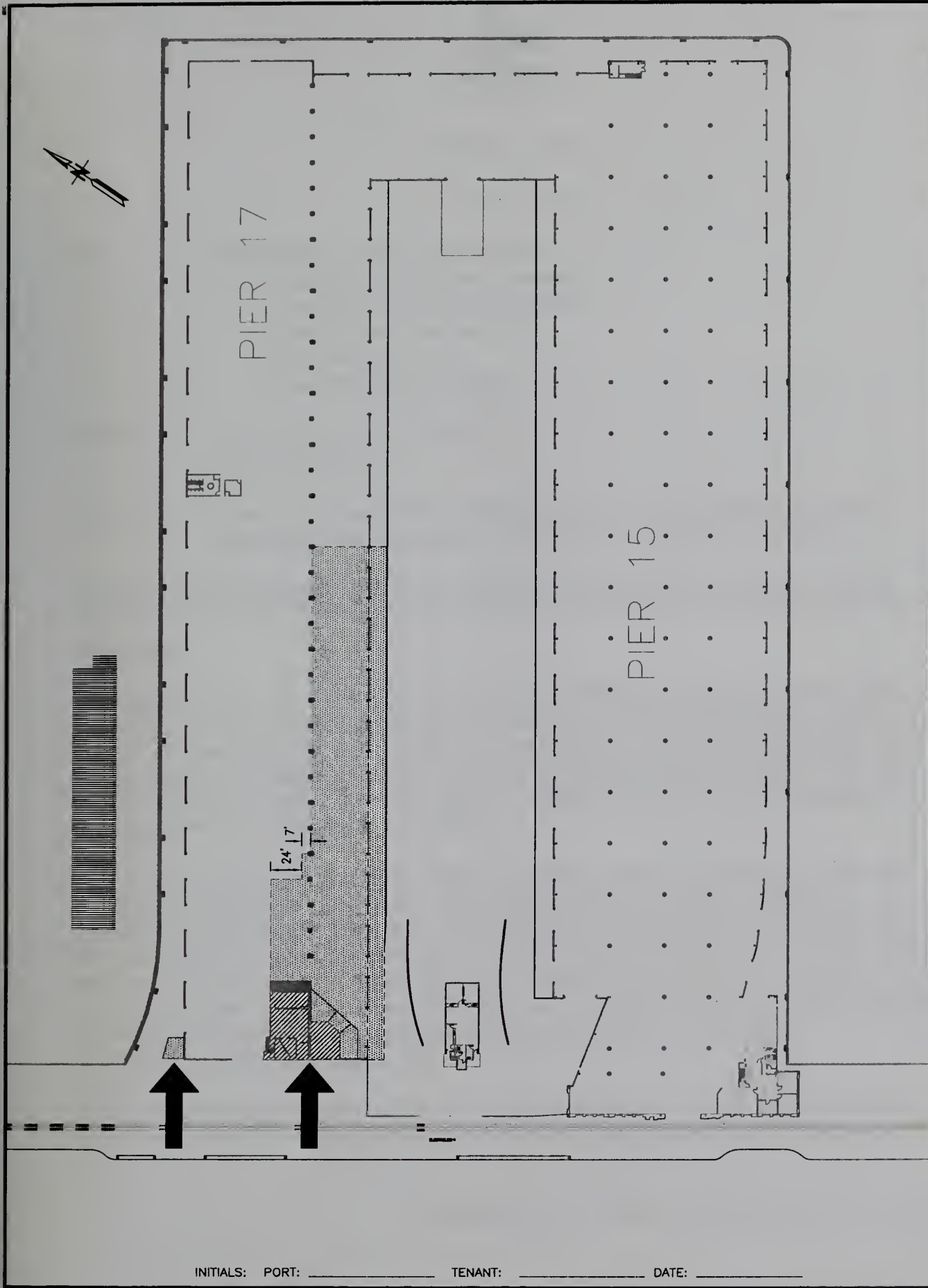
*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

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Secretary







INITIALS: PORT: \_\_\_\_\_ TENANT: \_\_\_\_\_ DATE: \_\_\_\_\_

|           |  |        |   |  |   |  |
|-----------|--|--------|---|--|---|--|
| LEASE NO. | <br>SAN FRANCISCO PORT COMMISSION<br>PORT OF SAN FRANCISCO<br>DEPARTMENT OF ENGINEERING | TENANT | TCHO VENTURES<br>A DELAWARE CORPORATION                         |  | DRAWN BY: ECC<br>CHECKED BY: J. BAUER<br>PLACE CODE NO. | DATE: SEPT 3, 2008<br>SCALE: 1" = 100' |
|           |  |        | 1170--SHEDA   |  | SHEET NO. 1   | OF 1 SHEETS                            |
|           |  |        | G:\08 PROPERTY FILES\Lease Maps\EXHIBITS-PIERS\PI17CHO-Demo.dwg |  |   |  |

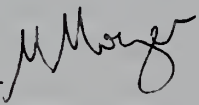




## MEMORANDUM

September 4, 2008

**TO: MEMBERS, PORT COMMISSION**  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Request Approval of First Amendment to Lease No. L-12090 with Darling International, Inc., for premises located at Seawall Lot 344 and Pier 92

**DIRECTOR'S RECOMMENDATION:** Approve First Amendment to Lease L-12090

### **Background**

Darling International, Inc. ("Darling International" and "Darling") operates a rendering facility located at 429 Amador Street, on two parcels of land at Seawall Lot 344 and Pier 92 under Lease L-12090 (Exhibit A). Parcel A is comprised of 116,438 sq. ft. of land and includes bulk liquid storage tanks and a transfer facility, and a 475 foot long by ten foot wide easement from the transfer facility to the wharf at Pier 92. Parcel B includes 78,408 sq. ft. of land, including the rendering plant and a separate office building.

On July 19, 1996, the Port Commission approved Lease L-12090, consolidating a rendering operation (Darling International) and a bulk liquid storage and transfer facility (Baker Commodities, Inc.) under a single tenancy. Under Lease L-12090, Darling International pays \$0.13/sq. ft. plus annual adjustments based on CPI increases and monthly rent increases of \$500, with rent credits for wharfage and dockage not to exceed one half of the base rent for the same lease year. The term of the agreement is 30 years, ending in 2028, with special conditions (such as no termination option for Port projects). Darling International's current rent is \$37,804.00/month or \$0.19/square foot.

Darling proposes, and Port staff recommends, a first amendment to Lease L-12090 to authorize the construction of a 10 million gallon capacity biodiesel production facility for the purpose

**THIS PRINT COVERS CALENDAR ITEM NO. 10B**





of converting of fats, oils and grease to ASTM D 6751 B100 biodiesel, as further described in this report. ASTM D 6751 is a standard published by the American Society for Testing and Materials that is the benchmark used by the U.S. biodiesel industry for fuel quality.

### **Rendering and Trans-Shipments Operations**

Rendering involves crushing food processing industry by-products such as fat, bone and offal, heating these materials to remove water and separating the remaining fat (tallow) and solids (meat and bone) into finished products. Rendering produces different grades of tallow, depending on factors such as the concentration of free fatty acid (FFA), color, moisture and impurities. High-grade tallow is often used for soap manufacture, while lower grades are used for animal feed and in the Oleo chemical industry. Solids from rendering operations are ground for use in animal feed and fertilizer as the finished product meat and bone meal.

At its Seawall Lot 344 facility, Darling International receives feedstock via its collection fleet of approximately 45 trucks that operates throughout the Bay Area. Darling International's fleet collects food related by-products from regional dairies and livestock operations, meat packing facilities, butchers, grocers, and restaurants. Darling also collects and recycles used cooking oil from restaurants, and provides grease trap services. The Darling facility also has direct rail access, and receives shipments of feedstock and finished tallow for export by rail.

Darling International is the Port's largest maritime exporter. In 2007, Darling accounted for 12 vessels trips, exporting 21,731 liquid tons. Darling's export activity is sensitive to the value of the dollar and global economic conditions; Darling maintains U.S. markets for its tallow products when economic conditions do not favor export.

### **Odor Control**

Darling operates its Seawall Lot 344 facility under an air quality permit issued by the Bay Area Air Quality Management District ("BAAQMD"). The BAAQMD is the lead regulatory agency for purposes of permitting odor control equipment for industrial operations such as Darling's and for receiving and investigating public complaints associated with such operations.

The processes associated with the rendering industry have the potential to produce nuisance emissions. This nuisance potential can be reduced with scrubbers and incinerators; the BAAQMD considers the installation of either of these technologies to represent best available control technology. The Darling facility is equipped with both technologies.

According to the BAAQMD complaint records, until mid-2005, Darling's Seawall Lot 344 facility had an inconsistent track record of odor control. From 2003 to 2007, the facility had 28 confirmed odor complaints, and 30 unconfirmed odor complaints, with one Notice of Violation, which was issued in July 2004. The majority of the complaints occurred in 2004; 2006 and 2007 saw one confirmed complaint per year.

Darling International reports that in 2006, it changed the main chemical used in its scrubbing process and repaired portions of the roof of its rendering plant, resulting in significantly improved odor





management. The review of the regulatory history and anecdotal reports from members of the Bayview community support this contention.

As part of an Odor Abatement System Upgrade Plan, Darling recently hired an odor management consultant, Integrated Environmental Services (“IES”), to assess the plant's odor abatement system. IES made several recommendations in its June 2008 assessment report which Darling will implement. A key recommendation is the installation of a second wet scrubber to process an additional 30,000 cubic feet per minute of air from the rendering building. This would elevate the hourly air changes in the building toward the consultant’s target of 20 per hour. Other recommendations include repairing doors and vents, ducts, hoods, and installation of equipment such as flow meters. Following implementation, IES will perform a follow-up assessment with additional recommendations as necessary.

Darling has also prepared a written Odor Management Plan for its Seawall Lot 344 plant that includes several additional recommendations by Port staff. Key features of the Plan include the designation of an on-site Odor Management Coordinator, who will assume responsibility for the plant's compliance with the Plan, a complaint hotline to receive complaints, and a form and process for investigation and follow through. Other features include routine inspections, logs, and identifications of patterns and problems.

### **Biodiesel Production**

In late 2007, Darling International approached the City’s Department of the Environment with a proposal to construct a biodiesel production facility at its Port premises, and formally approached the Port in March of 2008.

According to Darling International, “[b]iodiesel is produced from the reaction of triglycerides with an alcohol, most commonly methanol which produces long chain mono alkyl esters, or biodiesel. These chemicals are also referred to as fatty acid methyl esters or FAME. Fats are triglycerides (a combination of three free fatty acids molecules held together by a glycerin backbone). This reaction [which is catalyzed by a base such as lye] is call trans-esterification.” Exhibit B contains the biodiesel process description submitted by Darling International to the Port for purposes of environmental review pursuant to the California Environmental Quality Act.

Darling International proposes facility upgrades within the existing footprint of its facility, as shown in Exhibit C. The company plans to construct a biodiesel production facility with a 7.5-10 million gallon annual production capacity. Darling intends to pursue BQ 9000 certification and U.S.E.P.A Section 211 certification for the facility. BQ 9000 is a standard for biodiesel production facility construction and operation published by the National Biodiesel Accreditation Program<sup>1</sup>. Darling estimates the value of the proposed improvements at \$7-10 Million.

This biodiesel production facility would be the first such biodiesel production facility constructed and operated by Darling in the country. Nationally, Darling International is well-positioned to

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<sup>1</sup> The National Biodiesel Accreditation Program is a cooperative and voluntary program for the accreditation of producers and marketers of biodiesel fuel called BQ-9000. The program is a unique combination of the ASTM standard for biodiesel, ASTM D 6751, and a quality systems program that includes storage, sampling, testing, blending, shipping, distribution, and fuel management practices.



become a major biodiesel producer, given its control of a major source of recycled fats, oils and grease as feedstock. While biodiesel manufactured from crops (such as corn) has come under recent criticism for potential impacts on the pricing and availability of food, biodiesel manufactured from recycled sources such Darling's Seawall Lot 344 facility has no similar impacts and also enjoys a significantly lower carbon footprint compared to biodiesel made with crops.

Given the size and scope of Darling International's national and California operations, Darling has a choice of locations to site the proposed facility. Darling selected San Francisco as its preferred location due to a variety of market factors, including the City's commitment to use biodiesel in its own diesel fleet.

### **Proposed First Amendment to Lease L-12090**

The following proposed terms have been negotiated by Port staff and Darling International representatives over the past several months. Table 1 below shows the major terms of the existing lease L-12090 and the proposed First Amendment to Lease L-12090. In addition to authorizing the biodiesel production use at the Premises, the emphasis of the negotiations has been:

- odor control;
- site beautification;
- environmental financial assurances and insurance requirements to address potential hazards arising from Darling's industrial operations; and
- maintenance of a strong maritime connection for the facility.

**Table 1: Comparison of Lease Terms**  
(† Indicates a Darling requirement triggered all or in part by issuance of permits for the proposed biodiesel production facility)

| <b>Lease Terms</b>   | <b>Current 1996 Lease</b>  | <b>Proposed First Amendment</b>  |
|----------------------|--|--|
| <b>Use:</b>          | Assembly, distribution and storage transference to maritime cargo vessels and ground and maritime trans-shipment of bulk liquid and dry cargo and a recycling and rendering plant servicing the red meat, poultry and fish industries, the restaurant, retail food and grocery trade; and other organic waste sources. | Add: Construction and operation of a BQ-9000 (or equivalent) certified 10 million gallon capacity biodiesel production facility, certified under section 211 of the Clean Air Act (40 CFR, part 80), for the purposes of converting fats, oils and grease, including fats, oils and grease rendered at the Premises, into ASTM D 6751 (or equivalent) B100 biodiesel via transesterification, including storage facilities for feedstocks such as methanol and lye and storage facilities for biodiesel and waste by-products. The Permitted Uses include uses incidental to the foregoing described in the Operations Plan. Tenant shall conduct all operations within the Premises and the Permitted Uses in compliance with the Operations Plan attached hereto as Exhibit A. |
| <b>Lease Number:</b> | L-12090  | Same   |





| <b>Lease Terms</b>                             | <b>Current 1996 Lease</b>  | <b>Proposed First Amendment</b>  |
|--|--|--|
| <b>Premises:</b>                               | Two parcels at Seawall Lot 344: Parcel A comprised of 116,438 sq. ft. of land and including bulk liquid storage tanks and a transfer facility, and a 475 foot long by ten foot wide easement from the transfer facility to the wharf at Pier 92. Parcel B comprised of 78,408 sq. ft. of land, including the rendering plant and a separate office building. | Same   |
| <b>Lease Commencement Date:</b>                | 1998   | 2008   |
| <b>Lease Expiration Date:</b>                  | 2028   | Same   |
| <b>Monthly Base Rent:</b>                      | \$37,804.00/month + CPI + \$500 month increase every five years  | Same   |
| <b>Security Deposit:</b>                       | 2 months Base Rent   | Same, plus Letter of Credit  |
| <b>Environmental Oversight Deposit:</b>        | None   | \$10,000 Cash  |
| <b>Southern Waterfront Community Benefits:</b> | None   | <p>† Tenant will develop a site beautification plan for its Premises, at its sole cost, subject to approval by the Port's Executive Director.</p> <p>When the Port upgrades the Amador Street sewer infrastructure, Tenant, at its sole cost, shall reroute its stormwater discharge to the City's combined sewer system.</p> <p>† No later than December 21, 2010, for as long as Tenant is in commercial production of biodiesel at the Premises, Tenant shall use its best efforts to use B20 biodiesel or a product with a higher biodiesel component in its fleet of owned or leased vehicles used in connection with Tenant's operations at the Premises, as long as such use is economically competitive and technologically feasible. When replacing owned or leased vehicles that regularly deliver materials to and from the Premises, Tenant agrees to evaluate engine technologies and emission control technologies that result in reduced emissions, including but not limited to electric vehicles and other zero-emission vehicles and to purchase and</p> |



| Lease Terms   | Current 1996 Lease | Proposed First Amendment   |
|---|--------------------|--|
|   |                    | use such engine or emission control technology to the extent such engine and emission control technology is cost competitive with and the functional equivalent to other available technology.   |
| <b>Tenant's Maritime Commitment</b>                 | Implied            | <b>Maritime Tenancy.</b> Port acknowledges that Tenant's production of biodiesel could diminish its maritime trans-shipments of bulk liquids (tallow and yellow grease) and that fluctuations in the commodities markets for tallow and yellow grease and biodiesel may affect the degree to which Tenant produces either and the associated manner of shipment. Nevertheless, Tenant acknowledges that it operates and must continue to operate a Port maritime facility. In order to maintain its status as a maritime Tenant, Tenant shall continue to engage in maritime trans-shipment activities and comply with the requirements of the [Marine Fueling Station] Section.   |
| <b>Multi-Modal Marine Biodiesel Fueling Station</b> | NA                 | <p>† <b>Marine Fueling Station.</b> Tenant shall cooperate with Port in the design, engineering and permitting of a maritime or multimodal, including marine fueling, biodiesel fueling station ("<b>Fueling Station</b>"), in accordance with the following:</p> <p>(a) Tenant shall be available to Port for consultation in connection with the investigating the feasibility of locating a Fueling Station at Pier 92 or on other Port property designated by the Port and permitting for such Fueling Station, including, without limitation, California Environmental Quality Act review; and</p> <p>(b) Tenant will pay for the cost of permitting, conceptual design, and engineering plans for a Fueling Station, up to a maximum cost to Tenant of One Hundred Twenty-Five Thousand Dollars (\$125,000). Port shall retain a design/engineering firm(s) to design and engineer the Fueling Station.</p> <p>The Parties agree that a third party or third parties may finance, construct and operate a Fueling Station under a separate Port lease or other agreements.</p> <p>Tenant shall have ninety (90) days from Port's written notice to negotiate a multi-year supply contract for ASTM 6751 B-100 (or equivalent) unblended biodiesel at market prices with the prospective Fueling Station tenant. If Tenant is unable to execute such a contract, Port</p> |



| Lease Terms               | Current 1996 Lease  | Proposed First Amendment  |
|---------------------------|---|---|
|                           |   | shall refund Fifty Thousand dollars (\$50,000) to Tenant.   |
| <b>Operations Plan:</b>   | None  | Prior to execution of this First Amendment, Tenant will submit, and Port's Executive Director will approve in her sole discretion, an Operations Plan that documents its procedures consistent with law, industry standards, best management practices and good house-keeping and provides a detailed description of Tenant's industrial activities and equipment, facility housekeeping, vector control, air quality and odor control and monitoring measures, water quality and stormwater pollution prevention measures, noise control measures, hazardous materials and waste management practices, and other best management practices as well as an Odor Management Plan (OMP), including odor abatement system improvements. |
| <b>Insurance:</b>         | \$5 Million Commercial General Liability<br>\$1 Million Automobile Liability (owned and hired vehicles)<br>\$1 Million Workers Compensation & U.S. Longshore and Harborworker's Act | \$10 Million Commercial General Liability (which will cover Tenant's contractors)<br>\$1 Million Automobile Liability (owned, non-owned and hired vehicles)<br>Property Insurance, full replacement value, for office building<br>†\$5 Million Pollution Legal Liability, including sudden and accidental release of pollutants<br>Builders Risk Insurance, 100% value of completed construction, for projects in excess of \$50,000  |
|                           |   | Boiler and Machinery Insurance, including odor control equipment, full replacement value<br><i>all in a form subject to approval by the City Risk Manager</i>   |
| <b>Letter of Credit</b>   | None  | †\$500,000, to cover Tenant's obligations related to Hazardous Materials  |
| <b>City Requirements:</b> | City requirements existing as of 1996: Non-Discrimination; MacBride Principles; Tropical Hardwood Ban; Tobacco Products Advertising Ban; Burma (Myanmar) Business Prohibition.      | The lease amendment includes provisions requiring Tenant to comply with all additional applicable City laws (including, but not limited to, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws).  |

### Regulatory Approvals

The Planning Commission approved Conditional Use Application No. CU69.034 on July 3, 1969, to permit a plant at 429 Amador Street for the rendering or reduction of fat, bones, or other animal





material. Darling International has obtained a letter of determination from the Zoning Administrator that adding the necessary equipment and storage to the subject facility for the purpose of further refining animal fats, oils, and greases into biodiesel fuel is permitted under Conditional Use Application No. CU69.034 and does not require a new Conditional Use Authorization per Planning Code Section 178(c).

The Port and Darling International expect to obtain a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the proposed First Amendment to Lease L-12090.

Darling will be required to obtain a permit from the Bay Area Air Quality Management District and the Port's Engineering Division for the construction of the proposed biodiesel production facility. Exhibit C contains a list of the required permits and plans for Darling's operation at the Amador Street Premises, including those required for biodiesel production contemplated by the proposed lease amendment.

### **Southern Waterfront Advisory Committee**

On Wednesday, August 27, 2008, Port staff and Darling representatives presented the proposed First Amendment to Lease L-12090 to the Port's Southern Waterfront Advisory Committee.

There was strong consensus support for Darling's proposed biodiesel production use; clear recognition that Darling has taken steps over the past several years to improve odor control; and strong positive feedback about Darling's commitment to work with Young Community Developers and its various unions to recruit Bayview residents to fill vacant positions at its San Francisco operation.

### **Air Emissions Reductions Associated with Biodiesel**

Table 2 below compares the emissions reductions associated with B100 and B20 biodiesel compared to diesel. B20 biodiesel is a mixture of 20% B100 biodiesel and 80% diesel.

| <b>Table 2: Comparison of Diesel, B100 Biodiesel and B20 Biodiesel Air Emissions</b> |   |                                 |                                |
|--|---|---------------------------------|--------------------------------|
| <b>Diesel emission</b>   | <b>Environmental Impact</b>                             | <b>B100 Biodiesel Reduction</b> | <b>B20 Biodiesel Reduction</b> |
| Nitrogen Oxides  | Contributes respiratory disease and smog                | 2-5%                            | 0 % ( <i>average</i> )         |
| Sulfur Oxides  | Causes respiratory disease and contributes to acid rain | 100%                            | 20%                            |
| Particulate matter   | Black soot and smoke exhaust, toxic air contaminant     | 47% ( <i>40-60%</i> )           | 10-17%                         |
| Carcinogens  | Cancer causing materials                                | 94%                             | 19%                            |
| Carbon Dioxide (CO <sub>2</sub> )  | Primary greenhouse gas contributing to global warming   | 78%                             | 16%                            |
| VOCs   | Volatile organic compound, air pollutant                | 85%                             | 17%                            |
| Carbon Monoxide (CO)   | Toxic Gas   | 48%                             | 10%                            |

1. Source: U.S. Environmental Protection Agency. *Figures in italics* are from Dr. Robert McCormick, National Renewable Energy Laboratory, 2007.
2. Because use of low-sulfur and ultra low-sulfur diesel is now standard, the comparison of sulfur-oxide emissions (diesel vs. biodiesel) is no longer meaningful.



## **Related City Policies**

The proposed First Amendment to Lease L-12090 meets or fosters several City policies designed to promote the use of alternative fuels and/or reduce harmful vehicle emissions, including:

- The Healthy Air and Smog Prevention Ordinance (Environment Code, Ch.4), which established the Clean Air Program and requires all new purchases or leases of passenger vehicles and light duty trucks must either be rated as ultra-low emission vehicle (ULEV) or zero emission vehicles (ZEV) if their cost was within one and a half times the cost of a conventional vehicle. This ordinance also requires the City to build the necessary alternative fuel infrastructure to support clean vehicles. If the feasibility analysis shows the need for a marine, multi-modal biodiesel fueling station and such a station is ultimately approved and constructed, this would meet the goals of this ordinance.
- The Clean Construction Ordinance (Administrative Code 6.25 and Environment Code, Section 411) requires City contractors to adopt clean construction practices including biodiesel fuel and emissions control within two years of the adoption of the ordinance (May 2009) and allows City departments that are authorized to award public works contracts to compare bids on the basis of clean construction practices. By expanding the availability of biodiesel in the City, including fueling infrastructure designed to serve industrial corridors, the First Amendment promotes the goals of this ordinance.
- The Climate Ordinance (Environment Code, Chapter 9), establish City greenhouse gas targets and departmental action plans, with the following targets for greenhouse gas emissions (GHG):
  - by 2008, determine 1990 City GHG emissions
  - by 2017, reduce GHG emission 25% below 1990 levels
  - by 2025, reduce GHG emission 40% below 1990 levels
  - by 2025, reduce GHG emission 80% below 1990 levels

Mayor Newsom has taken strong action to increase the use of alternative fuels for City fleets. Mayoral Executive Directive 05-103: Alternative Fuel Vehicles, requires 75% of new purchases for non-emergency passenger automobile fleet to be comprised of alternative fuel vehicles and 90% of the non-emergency passenger automobile fleet to be comprised of either alternative fuel vehicles or high efficiency vehicles. Mayoral Executive Directive 06-02: Biodiesel for Municipal Fleets, required 100% implementation of B20, a blend of 80% petroleum diesel and 20% biodiesel, by December 31, 2007, for the City's 1,500 diesel vehicles and pursuit of further increases through the use of greater than B20 blends and/or neat biodiesel (B100). The proposed First Amendment will assist with the implementation of these policies by introducing a local biodiesel production facility that relies on the local grease cycle.

## **Backlands**

In June 2007, in conjunction with the Mayor's Office of Economic and Workforce Development, the San Francisco Public Utilities Commission, the City Administrator, the Department of Public Works, and the Department of the Environment, Port staff conducted a workshop with the Southern Waterfront Advisory Committee and the Maritime Commerce Advisory Committee to discuss





leasing options for the Backlands. A major focus of the discussion was leasing all or a portion of the Backlands for purposes of developing an Eco-Industrial Park, combining the following possible uses (subject to Port Commission approval) that utilize materials generated by Port industrial tenants and maximize environmental efficiencies:

1. Biodiesel manufacturing, including a marine biodiesel fueling station.
2. Southeast Treatment Plant biosolids handling, including methane recapture for power generation.
3. Food waste digesters, utilizing state-of-the-art technology to digest in-City food waste and capture methane for power generation.
4. Solar power generation, as part of new development, and a training center for residents of the Southeast Community to become solar installers.
5. An asphalt plant, concrete batching plant and construction materials recycling center (which produces sand and gravel that can be used in either concrete or asphalt production) could be co-located in a localized area to foster easy recycling and reuse of materials. The development of a new asphalt plant requires closing the City's older asphalt plant, which has limited recycling capacity and older emission controls.
6. Natural-based stormwater management swales, and related landscaping improvements, such as improvements being planned by the Redevelopment Agency and the Port along Cargo Way, to beautify the area.

In early 2008, the National Association of Industrial and Office Properties, San Francisco Chapter, conducted its 19<sup>th</sup> annual real estate challenge with a focus on development options for the Port's Piers 94-96 Backlands, in consultation with Port staff. Student teams from the U.C. Berkeley Haas School of Business and the Stanford Graduate School of Business participated in the challenge. The U.C. Berkeley team won the challenge with its Eco-Equity Park proposal, which included a biodiesel production facility utilizing material from Darling's facility.

The First Amendment establishes an anchor Port tenant for a potential future Eco-Industrial Park on the Port's Piers 94-96 Backlands.

### **Staff Recommendation**

Port staff recommends approval of the First Amendment to Lease L-12090.

Prepared by: Brad Benson, Special Projects Manager  
Rich Berman, Regulatory Specialist



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-61**

- WHEREAS, Charter Section 4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, Darling International, Inc., a Delaware corporation, ("Darling International") operates a rendering and bulk liquid transfer facility at Seawall Lot 344 under Lease L-12090 with the Port; and
- WHEREAS, Darling International proposes to construct and operate a biodiesel production facility in the existing footprint of its facility at Seawall Lot 344; and
- WHEREAS, The Port and Darling International have completed lease negotiations and propose to enter into a First Amendment to Lease L-12090 ("First Amendment") on the terms outlined in the Staff Report accompanying this Resolution and described in the proposed lease on file with the Port Commission Secretary ("Lease"); and
- WHEREAS, The Planning Commission approved Conditional Use Application No. CU69.034 on July 3, 1969, to permit a plant at 429 Amador Street for the rendering or reduction of fat, bones, or other animal material; and
- WHEREAS, Darling International has obtained a letter of determination from the Zoning Administrator that adding the necessary equipment and storage to the subject facility for the purpose of further refining animal fats, oils, and greases into biodiesel fuel is permitted under Conditional Use Application No. CU69.034 and does not require a new Conditional Use Authorization per Planning Code Section 178(c); and
- WHEREAS, The Port and Darling International obtained a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the proposed First Amendment; now, therefore, be it
- RESOLVED, That the Port Commission approves the First Amendment to Lease L-12090 and authorizes the Executive Director or her designee to execute the First Amendment, in substantially the form on file with the Port Commission Secretary; and, be it further
- RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the First Amendment that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the First Amendment contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the First Amendment, and any such amendments thereto.



RESOLVED, That the Port Commission authorizes the Executive Director to approve Darling International's operations plan, odor management plan and site beautification plan, all in substantially the form on file with the Port Commission Secretary and such future amendments to the operations plan that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to protect the Port's interests, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, the operations plan, the odor management plan and the site beautification plan, and any such amendments thereto.

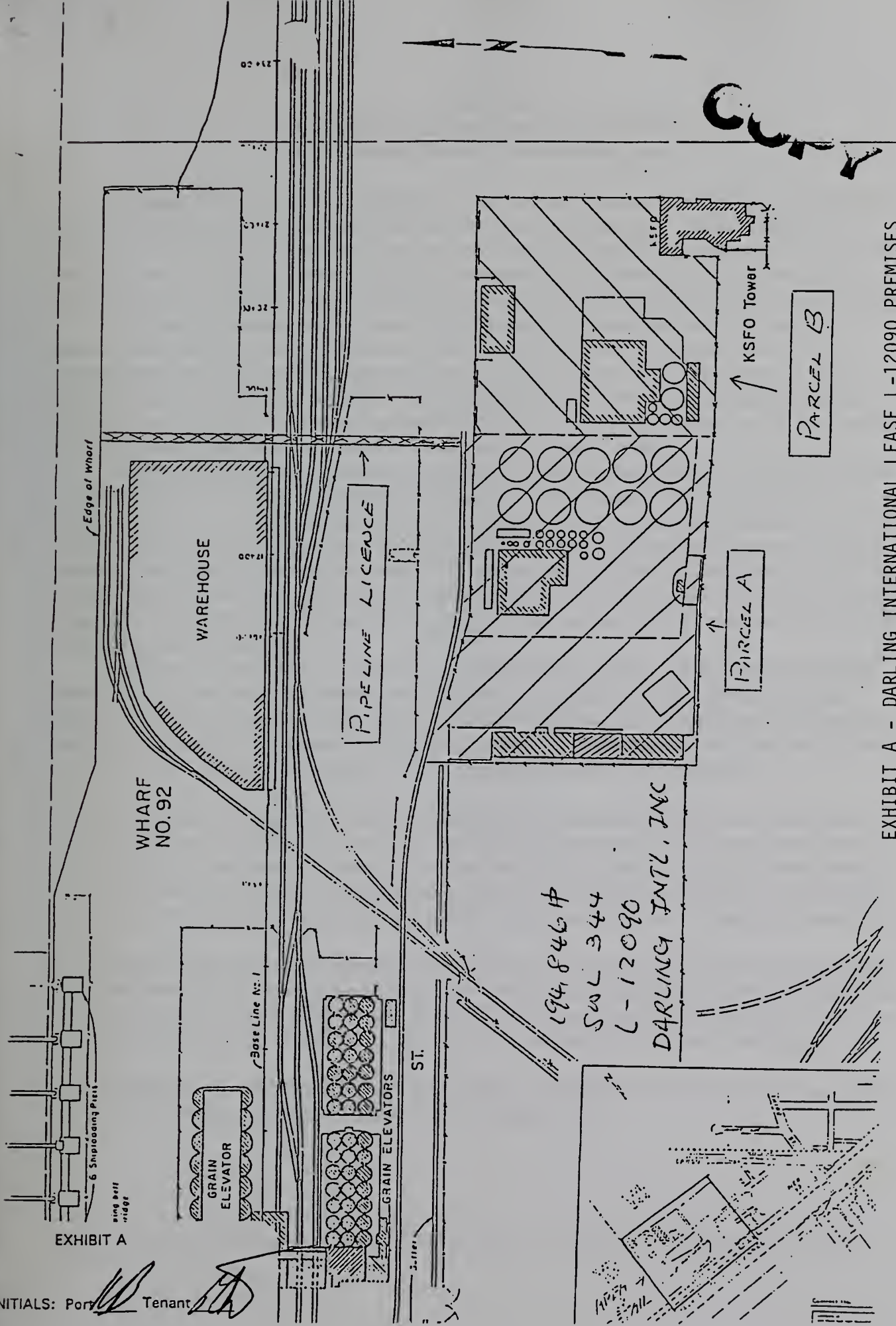
*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2008.*

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Secretary







INITIALS: Port Tenant

EXHIBIT A - DARLING INTERNATIONAL LEASE L-12090 PREMISES  
429 AMADOR STREET, SEAWALL LOT 344

194,846 #  
SWL 344  
L-12090  
DARLING INTL, INC

PARCEL B

PARCEL A

KSFO Tower

WAREHOUSE

WHARF NO. 92

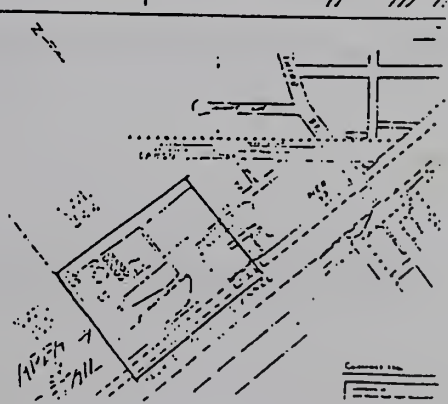
PIPELINE LICENCE

GRAIN ELEVATORS

GRAIN ELEVATOR

Base Line No. 1

ST.





**Exhibit B:**  
**Biodiesel Process and Project Description**  
**(prepared by Darling International, Inc.)**

Darling International, Inc. ("Darling") operates a rendering facility at 429 Amador Street on property leased from the Port of San Francisco (the "Port") at Pier 92 in San Francisco (the "Property"). The facility has operated pursuant to an approved conditional use permit ("CUP") for nearly 40 years. Darling proposes to add equipment within its existing facility to further refine finished fats, oils and greases into biodiesel, which is an environmentally-friendly renewable fuel.

It is Darling's understanding, based on preliminary conversations with the Zoning Administrator, that the additional process to further refine its existing finished products into biodiesel falls within the existing Planning Code use classification and within the terms of the existing CUP. Although Darling believes that the additional process is also consistent with its existing lease, Darling has voluntarily agreed to seek Port Commission approval of an amendment to its existing lease to add specific authorization for this additional process.

The Property is located within an M-2 Heavy Industrial zoning district. A CUP is required under Planning Code Section 226(8)(u) for the rendering or reduction of fat, bones or other materials. A CUP was approved for the rendering facility on the Property by Resolution No. 6398, adopted by the Planning Commission on July 3, 1969 (attached). The rendering facility has been operating under this CUP for approximately 38 years and has provided valuable service to the City of San Francisco consistent with the CUP. Darling will continue to operate its rendering process the same way it does today except the currently-produced finished fats, oils and greases will be refined one step further into biodiesel.

Biodiesel is produced from the reaction of triglycerides with an alcohol, most commonly methanol which produces long chain mono alkyl esters, or biodiesel. These chemicals are also referred to as fatty acid methyl esters or FAME. Fats are triglycerides (a combination of three free fatty acids molecules held together by a glycerin backbone). This reaction is called trans-esterification.

The biodiesel manufacturing process will incorporate the following stages:

- Pretreatment of fat prior to trans-esterification: The fats and oils which will be stored in existing tanks will be processed using traditional vegetable oil refining processes. Impurities which will interfere with conversion of fats and oils to quality biodiesel will be removed. The process will utilize small amounts of water, common acids and alkalis. Products from the pretreatment process are free fatty acids, waste water, and small quantities of spent silica.
- Transesterification: The pretreated fat will be converted to methyl esters utilizing methanol and an alkali as a catalyst, yielding ASTM<sup>2</sup> quality biodiesel, glycerin, and excess methanol. The products are not miscible and the FAME can be recovered by simple sedimentation, or using more efficient mechanical separators such as washing columns or centrifuges.
- Finished product loadout: A truck loadout facility for the biodiesel and glycerin mix will be located next to the biodiesel processing and storage facility.

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<sup>2</sup> The American Society of Testing and Materials (ASTM) is the premier standard-setting organization for fuels and fuel alternatives.





The facility will be capable of producing high quality biodiesel (ASTM 6751), will be EPA 211 certified and will seek compliance with BQ-9000 manufacturing standards.<sup>3</sup>

The additional refining step will not result in any noticeable impacts on the surrounding community. The additional refining step will utilize a contained process so there will be no additional odors or volatile organic compound emissions. There will be no additional noise impacts because the process equipment associated with biodiesel production does not generate noise except for the electric motors which are not expected to add to the already low noise level from the existing operation. The additional refining step will not require an expansion of building floor area.

The shipment of biodiesel will replace current shipments of existing finished products (fats, oils and greases) with only a small, marginal increase in the overall volume of material transported to and from the facility. It is currently anticipated that the production of biodiesel will result in approximately four to six additional truck trips per day.

The biodiesel manufacturing process will make limited use of the available open paved area next to the existing building for the construction of three to four 100,000 gallon above-ground storage tanks (AST's) for finished biodiesel and four to five 10,000 gallon AST's for process chemicals. Depending on the final design, the process could also include a small methanol recovery vessel and a small fat refining vessel (columns a few feet in diameter and less than forty (40) feet high).<sup>4</sup> A loading and unloading system will also be provided in connection with the AST's. The subject building and associated AST's are located adjacent to an existing tank terminal. This terminal includes approximately 30 existing AST's ranging in size from approximately 2,500 to 270,000 gallons as shown in the attached Figure 1. The proposed AST's will occupy an area of approximately 1,500 square feet, and will not displace any existing uses, parking, loading areas, or have a negative impact on fire lanes. The added AST's will be smaller in size than the majority of the existing AST's, and will result in less than a 5% increase in the overall AST footprint and less than a 3% increase in the overall operational footprint of the facility.

Further, because none of the chemicals will be "putrescible" at the concentration that they will be stored at in these tanks and vessels, the biodiesel manufacturing process will be consistent with CUP Condition No. 4 which requires putrescible material (material liable to become decomposed and foul-smelling or rotten) to be stored inside.

Construction impacts will be negligible. On-site construction activity is expected to require approximately five to six months. The project is expected to be complete and operational by the summer of 2010.

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<sup>3</sup> To receive BQ-9000 accreditation from the National Biodiesel Accreditation Program, Darling must pass a rigorous review and inspection of its quality control processes by an independent auditor to ensure that quality control is fully implemented.

<sup>4</sup> These vessels will not produce any odors. The methanol recovery vessel is fully contained with no emission points other than a small non-condensable vent which is controlled by a scrubber. The fat refining vessel will always be under a vacuum preventing any discharge to the atmosphere.



**Exhibit C:**  
**Darling International, Inc.**  
**Permits and Regulatory Requirements for San Francisco Plant**

- 1      Licensed Renderer  
        California Department of Food and Agriculture
- 2      Inedible Kitchen Grease Renderer  
        California Department of Food and Agriculture
- \*3     Hazardous Materials Unified Program Agency Permit, including Hazardous Materials  
        Business Plan  
        San Francisco Department of Public Health
- \*4     Spill Prevention Control and Countermeasure Plan  
        San Francisco Department of Public Health and  
        United States Environmental Protection Agency
- \*5     Facility Response Plan  
        United States Environmental Protection Agency
- \*6     Stormwater Pollution Prevention Plan  
        San Francisco Bay Regional Water Quality Control Board
- \*7     Air Permit To Operate  
        Bay Area Air Quality Management District
- \*8     Wastewater Discharge Permit  
        San Francisco Public Utilities Commission

\*These permits and plans will require updates to reflect biodiesel production and related processes.



# **SAN FRANCISCO PORT COMMISSION**

**SEPTEMBER 9, 2008  
MINUTES OF THE MEETING**

DOCUMENTS DEPT.

SEP 18 2008

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PUBLIC LIBRARY

## **MEMBERS, PORT COMMISSION**

HON. KIMBERLY BRANDON, PRESIDENT  
HON. RODNEY FONG, VICE PRESIDENT  
HON. MICHAEL HARDEMAN  
HON. ANN LAZARUS  
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR  
AMY QUESADA, COMMISSION SECRETARY**





# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING SEPTEMBER 9, 2008

### 1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:03 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky was not present.

### 2. APPROVAL OF MINUTES - August 12, 2008

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor. The minutes of the August 12, 2008 meeting were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. \**

- a. Property: Piers 27-31 and Piers 30-32

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

\*SF Piers LLC: Richard Fried

- b. Property: SWL 352 at Amador Street

Person Negotiating: Port: Brad Benson, Special Projects Manager

\*Raisch Products, Inc.: Doug Raisch

\*SF Recycling & Disposal: Maurice Quillen

- c. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot



62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

\*Negotiating Parties:

(1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan

(2) San Francisco Giants, The Cordish Company, Farallon Capital Management

## **5. RECONVENE IN OPEN SESSION**

At 3:24 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

## **6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## **7. EXECUTIVE**

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Sunday Streets – August 31 and September 14, 2008 from 9 a.m. to 1 p.m. - The recent Sunday Street event was held on August 31. It included some road closures particularly to roadways along the Port waterfront. The event had a good turnout. There were a lot of people out in the central waterfront. To the best of her knowledge, a lot of people found their way to Fisherman's Wharf. Port staff worked hard with the Mayor's Office to facilitate the event and make it as seamless as possible for all visitors of the waterfront, especially our tenants that are impacted. She heard from the Rincon Restaurants, the Ferry Building and Fisherman's Wharf restaurants that they had a very good crowd later in the day after the Sunday Street event was over. Port staff participated in a number of





things including having story boards on our development projects available to the public at Pier 1. It went fairly well. The next event will be held on September 14. There will be two cruise ships calling that day. All of the cruise passengers have been notified by the cruise lines. This is not the first time that we've had a road closure when we've had cruise ships at the Port. We are expecting that it will go smoothly with some extra help from DPT and MTA.

- South Beach, Mission Bay, Rincon Hill Block Party – September 14, 2008 from 12 noon to 4 p.m. – Marty Coressel, member of the South Beach CAC, indicated that September 14 is going to be a very busy, good day. He attended the August 31<sup>st</sup> Sunday event and the South Beach Park area was well run. At any given time, there were about 250-500 people there with hula hoops enjoying the sunny day. They are coordinating their block party with Sunday Streets. The YMCA Embarcadero will be hosting and programming the lawn games that will take place from 9 a.m. to 1 p.m. The South Beach program starts at noon through 4 p.m. It's all about having fun and building community. This is a non-commercial event. This is the third bi-annual event. They hope to do more in the future. There are about 30 different exhibitors in 4 different categories that will be attending. The Port is going to have a table of exhibits. It will be a day of fun and they look forward to putting more of these types of events. He thanked the Port and the Port Harbor Master who worked with them closely to ensure that the permits are in place. They are also working with the Sunday Streets organizers about crowd control. He invited everyone to attend. The event will take place at South Beach Harbor between Pier 40 and the South Beach Park.
- California Coastal Clean-Up – September 20, 2008 from 9 a.m. to 12 noon –The Department of Public Works is organizing a Community Clean Team event from 9 am to 12 noon on September 20, 2008. Lunch will be provided to the volunteers at Warm Water Cove at the conclusion of the event. Coastal Cleanup Day 2007 was the largest in the history of the event for both California and San Francisco. However, the statistics from last year revealed that 80% of 2,500 volunteers reported to work on the West side of San Francisco but 70% of the 14,000 lbs. of trash that was picked up in the City was collected on the East side of San Francisco. This year, Port staff is working with Literacy for Environmental Justice, the Coastal Commission's designated coordinators for the eastern San Francisco shoreline, to get volunteers where help is needed most. The Port and DPW are directing activities at Tulare Park, Islais Creek Park, Agua Vista Park, and Warm Water Cove. Additionally, Corinne Woods with the Neighborhood Parks Council & Blue Greenway will be coordinating efforts at Mission Creek, and the Golden Gate Audubon Society will have volunteers at Pier 94 wetlands. People who are interested in volunteering at Port sites or elsewhere can check the Coastal Commission's web site at [www.coastal.ca.gov](http://www.coastal.ca.gov).
- Mission Bay Parks Festival – September 20, 2008 from 12:30 to 2 p.m. – Corinne Woods, Chair of the Mission Bay Citizens Advisory Committee, indicated that Mission Bay is the newest San Francisco neighborhood. There are approximately



3,000 housing units in the north side of Mission Creek Channel. The UC Research Campus is located in Mission Bay and several biotech buildings are under construction. There are about four Mission Bay parks that already opened. With the opening of the Mission Bay Sports Park, which is located on the north of Mission Creek, underneath the 280 freeway, west of Fifth Street, 3 basketball courts, beach volleyball court, tennis court, dog play area, kayak launch ramp will be stewarded by UCSF Outdoors Unlimited Program. They will participate at 9 a.m. in the Coastal Clean Up in conjunction with Save the Bay. The festival activities will commence at the Mission Creek Parks at 10 a.m. There will be a ribbon cutting ceremony. A lot of the Mission Bay developers will be in attendance. UCSF will be having kayak demonstrations. They have 40 life vests to give to the first 40 kids who want to kayak. There will be safety instructions. There will be 3-on-3 basketball tournaments. They hope to get volleyball professionals. The SPCA is sponsoring dog agility events. The kayak group will get their container tomorrow so they will be in residence in time for coastal clean-up day.

- American Association of Port Authorities Annual Convention – September 22-26, 2008 – The annual convention will be held in Anchorage, Alaska. The Governor was originally scheduled to be part of the convention. She and Peter Dailey will be attending. Peter is on the cruise committee. She is a member of the board of directors and will be attending board meetings. She was also asked to address the full convention to give a report on behalf of the U.S. delegations. This is a multi-nation association. There will be a lot of interesting topic not the least of which is the freight mobility and Port capacity despite the fact that we are seeing an off-season in cargo imports throughout the country. Import and export capacity still remains an important concern for the association. They are going to also talk about the ever present Port challenges which the Port of San Francisco has something to add as we are affected by the growing neighborhoods. We seem to be ready experts on the topic. As a consequence, she will miss the next Port Commission meeting.
- 2008 Piero Patri Fellowship Presentation – September 23, 2008 from 5:30 – 7:30 p.m. at Pier 1 – This fellowship was started in the name of Piero Patri who we lost two years ago. The fellowship is an annual hands-on position for a graduate student in urban design, landscape, architecture, architecture or urban planning. This year's project site is at the outlet of Islais Creek, an industrialized area which is also the terminus of San Francisco's largest watershed. Sara Jensen, this year's Piero N. Patri fellow will be making her presentation on Tuesday, September 23, 2008 at Pier 1. Reception will commence at 5:30 and the presentation at 6:15 p.m. She encouraged everyone to attend. It's an interesting experience. It's a great opportunity to learn from our interns.
- SWL 337 RFP submittals extended - the due date for the SWL 337 RFP has been extended to September 26, 2008.





- In Memoriam - George Lu has been a long time Port tenant. He had a leasehold behind the Ferry Building where Gabbiano's was and the World Trade Club was. He had big plans for renaissance of that building and the plaza out front. George was born in Shanghai, China in 1940. He immigrated to Hong Kong from the ages of 5-13 and immigrated to England and came to California at the age of 17. George's wife, Jill, and daughter, Jennifer, and other friends and family are in the audience. The Port couldn't have asked for a more pleasant person to deal with. At the time that she has been a Port director, she watched George worked every angle he could to keep the World Trade Club in business. He certainly always welcomed all of us into his leasehold. He was always thinking of great ideas. It was a pleasure to run into him anywhere on the waterfront but most particularly at Pier 1 because he always had a ready smile and a great handshake or even a hug. Kari Kilstrom, former Port staff and worked very closely with George, was not able to come today but she wanted to pass on that she found George extremely remarkable in terms of his optimism. She felt that he was one of the few people that always could see the possibilities of the Port. He was never daunted by 40 years of beating against the Port and our various regulators. He always continued to see the big picture and to make proposals in such an elegant and gracious style. The Port has lost a true friend. She was pleased that the Lu family could be here today. We have souvenirs to memorialize our friendship with George. She picked a plant that reminds her that George had such a big grasp on life and he embraced all of us all of the time. She never had a cross word with George, which is a remarkable thing. She will miss his "atta boy, atta girl" support of all of us at the Port. She's very sorry about the Lu's family loss and the loss at the Port.

Jeff Bauer, Leasing Manager, indicated that she's worked with George for about 19 years on various projects. George was one of the first Port tenants that he met when he came to the Port. He and George were just recently working on reopening the restaurant, formerly the Gabbiano's and the World Trade Club. George was a good man and George was a good businessman. Even when they didn't agree, George was always gracious and George was always a gentleman. He will be missed.

Susan Reynolds, Director of Real Estate, met George about two years ago when she first arrived at the Port. She had a long line of people waiting to come in and complain to her about everything that was wrong with the Port and all the people in it and everything in the world. George called to introduce himself. He was so gracious and warm and welcoming and he didn't have one complaint. She and George became fast friends. Since that time, he always called to give updates. He was always introducing us to potential partners, giving us his ideas about how to keep the property going. He was always up front and professional. To give an idea of George's integrity, she and a friend were having lunch at Slanted Door and he came over and said hello. When it came time to pay the bill, the waiter explained that the gentleman who had visited our table had picked up the check, which is very nice but all knowing what our Ethics Commission tells us about receiving gifts from anybody, they figured out what the bill was. She wrote him a check for \$50 and a note saying they appreciated his gesture but she couldn't accept it. About two days later in the mail, she received \$7 and change from George. He





was a true gentleman, a friend to the Port, a friend to her and he will be greatly missed. We look forward to the opening of the new restaurant and hope that it will do justice to the legacy he left behind.

Claudia Davison, Property Manager, indicated that when she started in 1997 she was assigned at the old Ferry Building. George Lu was one of the 150+ tenants that we had to move to make room for the renovation. Through the course of that process, we were looking for alternate relocation premises. We found a little space at the Roundhouse for George, approximately 99 s.f. which includes the load factor. He laughed all the time about having the smallest office at the Port. He was always professional, helpful, cooperative, good natured, very smart, very subtle and a very nice man. He was crazy about his family and he will be missed.

Commissioner Brandon indicated that the Port has truly lost a great friend. She extended the Port's deepest sympathy and support to the Lu family. Ms. Moyer thanked the Lu family for giving us their dad/husband for many years and for his friendship. She thanked George and his family for sharing a place in his heart for all of us as we come and go. We've been very welcomed. The Lu family is welcome at the Port as well.

- In Memoriam - Alicia Vargas Carney - Alicia Vargas Carney passed away at her home in San Rafael on August 23, 2008 at the age of 48. She was undergoing treatment for breast cancer. Alicia was a native San Franciscan. She attended St. Monica's Grammar School, Cathedral High School and the Academy of Art College. Alicia began her career in radio working at KKSF where she met Tom, her husband of 22 years. She continued her career in media working at KGO Radio as community relations director. For the past 18 years, Alicia served as vice president of public relations and advertising for PIER 39 where she was a very driven, results-oriented but yet extraordinarily friendly. Alicia is survived by her loving husband Tom, cherished son Spencer, parents Laura and Luis Vargas; brothers David and Philip Vargas; David's wife Jenni; nieces Chelsea and Kyra; and her dearest pug, Zippy. To her family at Pier 39, she can imagine it's difficult to pass her desk and not see her beautiful smile and her great friendship. While we didn't get to see her in our offices the way we got to see George Lu, she was very much in our hearts in all the events we had in the northern waterfront. We are sorry for their loss. She offered her condolences to the Vargas and Carney family and to the Pier 39 family.

Ms. Moyer presented the Lu family and Carney family a plant that reminded her of them and souvenirs from the Port.

Kathy Paver, Pier 39, indicated that for the last 18 years, she had the privilege of working very closely with Alicia Vargas. She worked in the marketing department. She thanked the Port Commission for honoring this very special woman who always has the best interest in Pier 39. Alicia was well respected, talented and creative. Those who knew her enjoyed her honesty, her directness, her never-ending energy, her sense of humor and her passion for her work.



Besides her family and friends and Zippy, Alicia truly loved her job. It was evident to all of her Pier 39 family. She's left a legacy at Pier 39. As you walk around Pier 39, you can feel her energy and her dynamic spirit all around you. She's thankful and appreciative for the years she had working with Alicia.

Karen Bell, Fisherman's Wharf CBD, indicated that she met Alicia 9 years ago working as the director of the San Francisco Convention and Visitors Information Center. Alicia and Pier 39 were a client of theirs. Whenever she saw Alicia, she always had a bright smile on her face and a hug waiting for you. She will miss Alicia and the whole community will too.

Renee Dunn indicated that she had the pleasure of working with Alicia for the last ten years in her capacity as the Public Relations Manager for the Port. She and Alicia collaborated on media opportunities that benefited and pained the Port and Pier 39 together. Her passing was a shock to many people because she told very few that she was undergoing treatment for cancer. The cancer took her quickly. Alicia was highly energetic and a perfectionist, not only in her job but everything she did in her life. She was a true professional and an intrical part of the Pier 39 marketing team and the Pier 39 family including Fisherman's Wharf. Alicia was a petite woman in stature but you clearly knew when she was in the room. She had a dynamo of personality and she worked very hard and diligently at everything she undertook. About ten days ago, she and Gerry Roybal from the Port's marketing department along with Commissioner Fong attended Alicia's memorial service. The room was packed with people. Speaker after speaker expressed kind words about Alicia. They talked about Alicia's warm spirit and her heart. She will truly be missed by many people. Personally, she will miss her as a savvy professional person in the public relations industry. She will miss the twinkle in her big brown eyes, her great big smile and most of all, her energy that was so contagious. On behalf of the Port, she expressed her condolences to her husband Tom, son Spencer, to her parents, brothers, Pier 39 family and the Fisherman's Wharf community.

Gerry Roybal, Maritime Marketing, indicated that he's had the privilege of working for and contributing to the Port for 16 years and has known Alicia for ten. During his tenure at the Port, Pier 39 was always the second or the third largest contributor to the Port. It's a very fundamental part of what we do and continue to do. Alicia was a powerhouse. She had great personal charm. She was easy to work with. She was a great friend to the Port and had super integrity. Whatever she said she would do, would be done. Whatever she said she would help you with, she would help you get it accomplished. All too often living in the area, we become jaded and lose site of the natural beauty, great culture and the intense history that San Francisco has and it can be a life changing experience to visitors who come here. It changed his life when he was in 7<sup>th</sup> grade coming here. Pier 39 has always been and continuous to be an intrical part of the San Francisco experience. Alicia Vargas was an integral and fundamental part of the Pier 39 family. Though it's easy to lament our losses, he





can't help but feel confident that we will always feel her embrace in the wind when we walk the waterfront. May God always bless her, always love her but keep her spirit forever.

Commissioner Fong indicated that he and Alicia have known each other for 12 years. Growing up in Fisherman's Wharf as a merchant, Pier 39 is a behemoth marketing machine. It has all the power in the world. For some of them, it's a huge competitor but the marketing, advertising, and PR effort all come not by accident. Alicia was largely responsible for that. He grew up respecting that. He had the opportunity to converse with Alicia, confer with her. He was buying advertising as well as she. They would make a quick call to each other and confer if somebody was legitimate or not. Like all of us here, through work, they began to develop a friendship. Her son along with his son and his daughter had some learning differences so she helped him and his wife make some important school decisions for both of their families. He did not get a chance to thank her for that. This is perhaps an opportunity to thank her. She also called him "hon" and was appreciative of that but when he went to her memorial service, he found out that the other 500 people there, she called "hon" as well. She will be missed.

Commissioner Brandon indicated that Alicia will definitely be missed.

Ms. Moyer thanked the Lu family and friends and Alicia's family and the Pier 39 family and friends for coming today and allowing us this opportunity to share a little bit on their memories.

- La Mar Cebicheria will be opening on September 18, 2008.

## 8. CONSENT

- Request authorization to advertise for competitive bids for Construction Contract No. 2725, Pier 80 Security Fences Project. (Resolution No. 08-55)
- Request approval of Fiscal Year 2008-09 Executive Director Salary and Benefits. (Resolution No. 08-56)
- Request approval of the First Amendment to the five-year Non-Exclusive Management Agreement with Metropolitan Stevedore Company, doing business as Metro Ports, for management of the Pier 80 Cargo Terminal. (Resolution No. 08-57)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. Resolution Nos. 08-55, 08-56 and 08-57 were approved.

## 9. FINANCE AND ADMINISTRATION

- Request approval of the Port's Supplemental Appropriation of \$3,644,438 in 2008 Clean and Safe Neighborhood Parks General Obligation Bond Funds and





\$130,462.77 in old Port Revenue Bond Funds for Port Open Space Projects.  
(Resolution No. 08-58)

Tina Olson, Finance and Administration Deputy Director, indicated that in July, staff requested Commission's approval to submit Port projects for the first issuance of the 2008 Neighborhood Clean and Safe Neighborhood Parks Bond and informed the Commission at that time that staff will be back in September to appropriate the funds. The Port's supplemental appropriation is in the amount of \$3,644,438. The funds will allow Port staff to do the CEQA review for all of the waterfront park projects in the bond as well as to begin the engineering design for Pier 43.5 promenade project, the Bayfront Park project, as well as Heron's Head Park. We would be able to do the construction for the HHP since it's a smaller project of the parking lot and the entrance way to the park. We will be able to begin the community planning and design guidelines for the Blue Greenway as well as begin purchasing and installing some of the signage, lighting and furnishings for the Blue Greenway. We have also been going through all of our old capital projects that are still in the system and we found some old revenue bond funded projects that totaled \$130,462.77. We decided to close out those projects and reappropriate those funds. We need to spend them down and decided to reallocate them to the Pier 43.5 promenade project. During the deliberations of the GO bond, it was the project that we took the most cuts from in order to make some other things happen in the bond. We can certainly use the funds and we can spend it down quickly.

Corinne Woods, Blue Greenway Coordinator for the Neighborhood Parks Council, thanked the Commission profusely.

Ernestine Weiss indicated that she's happy to see these funds allocated for the waterfront. She asked the Commission to remove the rocks behind the Vallaincourt Fountain as soon as possible because it is dangerous. Kids are jumping off the rocks. They are ugly and they never should have been placed there.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. Resolution No.08-58 was approved.

## 10. REAL ESTATE

- A. Request approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for approximately 29,734 square feet of space on the west end of Pier 17, and subject to Board of Supervisors approval (Resolution No. 08-59); and Request approval of a Month-to-Month License No. 14604 for Temporary Retail Sales, for approximately 235 square feet of space on the north side of Pier 17. (Resolution No. 08-60) THIS ITEM HAS BEEN TAKEN OFF THE CALENDAR.
- B. Request approval of First Amendment to Lease No. L-12090 with Darling International, Inc., for premises at Seawall Lot 344 located at 429 Amador Street and Pier 92. (Resolution No. 08-61)



Brad Benson, Special Projects Manager, indicated that Port staff have been in discussions about the possibility of creating a biodiesel production facility at Darling's current leased premises in the southern waterfront for the last 4-5 months. It's been a team effort. Rich Berman, environmental regulatory specialist in the Port's Real Estate division, has done amazing work learning about biodiesel production and how to monitor the industrial operation and make sure that we are presenting a clean and safe proposal. Rona Sandler, City Attorney's office, has done a phenomenal work in helping us think through all the issues with the first amendment to the lease. David Beaupre, Port's all around expert for the southern waterfront, who has been invaluable.

Darling has a lease with the Port since 1966. Darling's current Lease No. 12090 was entered into in 1998 and it combined two separate leases at the time. One was operated by Darling and another by Baker Commodities. Darling was operating the rendering facility and Baker Commodities was operating a liquid bulk storage facility with transference at the Pier 92 wharf. The current lease is a 30 year lease; it expires in 2028. It consists of those two parcels that represented those former leaseholds; one primarily focused on liquid bulk transference in excess of 100,000 s.f. and the other about 80,000 s.f. for the rendering facility and a companion office. The premises are located at 429 Amador Street, right off Cargo way, across from Cemex and Bode. The current monthly rent for the facility is \$37,800 a month or \$.19/s.f. Darling is our largest exporter of liquid tallow. In 2007, they exported about 21,000 liquid tons. The proposal today is to consider expanding the permitted uses at the site to incorporate biodiesel production. Darling approached the City last year and floated the idea with the Dept. of the Environment who has been a great proponent of all alternative fuels including biodiesel and subsequently with the Mayor's Office. Mayor Newsom has been a big proponent of biodiesel and has mandated its use in the entire municipal fleet. The reason it's a good fit for this facility is that Darling is producing tallow for this facility. It's the main feedstock for biodiesel production. There are more and more biodiesel facilities but some of them face a potentially risky feature because they don't control the feedstock and Darling has the advantage of controlling a major feedstock not only at this facility but also generated at its two other facilities in Northern California, one in San Jose and another in Fresno. The Port is interested by this proposal. It seemed a good use of the material being manufactured at the facility consistent with City Policy. During the negotiation period, Port staff heard anecdotally and knew that there had been odor control problems at the facility. Port staff investigated the matter and found that in 2004, the Bay Area Air Quality Management District received a few complaints that were confirmed by their staff. Port staff wanted to address the odor control issue. The Port requires all industrial leases to fit well in the southern waterfront community and have a good look and feel to them. As such, environmental financial assurances are included in the lease to make sure that the Port and its surrounding tenants are protected from risk exposure. Darling is a maritime tenant and we need this lease to maintain a strong connection to the water. Those main points guided us in the negotiations.

The key point of the first amendment is to permit in the permitted uses the construction and operation of a 7.5 to 10 million gallon capacity biodiesel production facility. The proposed lease states that this would be a BQ 9000 certified facility





which is a certification standard by the National Biodiesel Association and certified to EPA Clean Air Act Standard. It would produce ASTM quality biodiesel. The tenant would develop a site beautification plan which is subject to the Port Executive Director's approval which include physical improvements to the frontage of the facility along Amador Street and a cash contribution that the Port can use to make improvements to Port property immediately behind the facility. This is a concept plan that Darling put together. In the area between the rail tracks and Darling's facility, there would be some planters and trees and funding to plant some significant screening behind the facility. Darling has agreed to provide irrigation for those plantings behind the facility. When the Port upgrades Amador Street, there are portions of Darling site that, for stormwater purposes, are not tied into the sanitary sewer. They have agreed to tie into the sanitary sewer. For as long as the facility is producing biodiesel, they would use the best effort standards to run their fleet on at least B20 biodiesel as long as that is economically competitive. Another way that we are seeking to maintain a strong maritime connection for the facility, the proposal provides that Darling would reimburse the Port for up to \$125,000 in design, engineering and permitting costs associated with marine, possibly, multi-modal biodiesel fueling station. Port tenants, particularly in the Fisherman's Wharf, are interested in using biodiesel in their vessels. This is a great marketing opportunity. It creates a new market for Darling as well as a new leasing opportunity for the Port and maintains the connection to the water.

Rich Berman, Regulatory Specialist with the Port's Real Estate Division, indicated that Port staff received the operations plan, odor management plan and the odor abatement systems upgrade plan. They are enlightening in terms of what Darling is doing. They give the Port a strong sense of comfort with how they are doing things and establishing standards that the Port can use to assess the risk the operation brings. Part of what we were looking for was exactly that because we weren't exactly sure how things were done and what sort of standard Darling does internally. As they drafted the plan, they worked with the Port and helped explained their operation to the Port. It elevated our comfort level with what they were doing. They've described to Port staff their fleet management plan, their receipt of raw materials. They described how they process those materials and how they ship them out, all with significant detail. As addendums to this operations plan when it is finalized, there will be a four inch binder that includes other plants that they've operated for years that respond to other regulatory mandates like the Oil Pollution Act of 1990. There is a very detailed facility response plan, which is a federal regulatory requirement, spill prevention control and countermeasure plan. The plans detailed how they do things, how they receive and process materials and help mitigate the risk. The odor management plan begins what he thinks is a very significant piece by identifying an odor management coordinator who is going to be the point person responsible that the odor management plan is implemented and they adhere to all of the detailed requirements. That includes the maintenance of their technology like the scrubbing materials and the thermal oxidizers. They hired a consultant to help assess the performance of their current system. The consultant made significant recommendations and Darling is implementing all of them that include the addition of another wet scrubber. They've improved their scrubber chemistry and after they implement all these, Darling has committed to bringing that consultant back out to



reassess the performance and make additional recommendations if needed. One other key piece is that Darling has created for the community benefit, a neighborhood hotline number: 1-888-896-0185. It's manned 24/7. The \$500,000 standby letter of credit covers Darling's obligations related to hazardous materials. In doing risk assessment of the operation, Darling's operation presents certain risk by storing large amounts of oil, tallow and the grease. With the introduction of the biodiesel production, they introduce some new chemicals and new processes. The most risky one, by staff assessment, is the storage and processing of methanol. It is explosive; there is a history and a pattern of more roguish sorts of biodiesel facilities throughout the country that have exploded in California and can be devastating. As mentioned by Brad Benson, there are protocols like the BQ 9000 standard for producing biodiesel. There are protocols for how to handle methanol safely. As part of the implementation of the biodiesel production, Darling will revise the operations plan to provide those details subject to the Port Executive Director's approval. Port staff will be working closely with the Fire Dept. and the Dept. of Public Health for hazardous materials to ensure that they are implemented safely. Staff is confident that it will be.

Brad Benson indicated that one other environmental assurance, the lease amendment requires \$5 million in pollution legal liability insurance which acts as an umbrella to that standby letter of credit to deal with some of the risks that Rich Berman alluded to. The 1998 lease obviously did not include the city requirements that have been adopted by the Board of Supervisors since that time. The proposed first amendment to the lease meets or fosters several city policies designed to promote the use of alternative fuels and/or reduce harmful vehicle emissions. There have been some city approvals that have occurred while the negotiation period has gone on. There was an existing conditional use authorization for the rendering facility. The zoning administrator has found that the biodiesel production use is permitted under that conditional use. The City Planning Department issued a categorical exemption pursuant to CEQA for the project. Port staff with Darling representatives recently presented this lease to the Southern Waterfront Advisory Committee. This lease was among the best received by SWAC in recent memory. There have been a lot of due diligence in terms of outreach to the community, some consideration given to Darling's future hiring plans. It is a union shop. Darling had already taken steps and resolved the odor issues before approaching the Port. SWAC members appreciated Darling's efforts in that regard.

John Bullock indicated that he is the biofuel advisor to Darling International on renewable energy products and acts as lead manager on the project until the construction of the project is completed. Darling requested an amendment to their lease allowing them to build a biodiesel facility at their existing site. He thanked Monique Moyer and her team, in particular Brad Benson, Rich Berman, David Beaupre and Rona Sandler. The negotiations that have gone on over the last 2-3 months have been spirited. Brad did a great job in protecting the interest of the Port. There have been direct conversations and they appreciate the manner in which they have been undertaken. They are proposing to build a 7.5 to 10 million gallon biodiesel processing facility, which will go into the existing building. They don't have to put up a new building to do this. That building is currently half empty. The unit will be physically contained in that facility. They will have to put a few storage





tanks outside. The tanks are smaller than the existing tanks on the site. From the actual footprint perspective, it would look much as it does today. There will be no new additional big buildings, not a lot of additional tankage, and a relatively minimal impact to the overall footprint. They are looking at San Francisco as a site for a biodiesel facility because of the support this community has and in particular the support of the Mayor of San Francisco and the Dept. of Environment in supporting the use of biodiesel. Since they collect the actual fat and used grease mostly within the City of San Francisco and within the bay area, it struck them that it was a good idea to take that same product and turn it into biodiesel that can be used in the same local community. It will have about as low a carbon footprint as you can possibly have for the production of fuel for transportation. That closed loop system is what brings them to San Francisco. They wouldn't be here if it wasn't for the tremendous support of both the Mayor and the Dept. of Environment. Today, the facility has 57 employees, the vast majority of which are union employees. They will be employing additional 5-8 employees at this plant once it's constructed. They've had good discussions with Eloise Patton of YCD about how they can improve their community outreach while still working strongly with the unions that have been involved in that facility for a long period of time. The new biodiesel facility is a low odor process. This is a straight chemical reaction that doesn't have a lot of odor emissions associated with it. The odor issue associated with the plant has to do with the base rendering process. They spent a lot of time talking with Brad and other Port staff about actions Darling has taken in the past and the actions they need to continue to take to monitor and improve the odor emissions that occur from that facility from time to time.

Dan Desmith, Vice President of Darling International Western Region, indicated that the rendering operation that will be performed at Amador Street is the same function that Darling has done for almost 125 years of its existence. They collect animal byproduct and restaurant grease throughout the bay area and they turn those byproducts into oils and animal proteins. The odor agents that come from that system are mainly derived from the cooking process. When you cook, it evaporates water and the steam that is in that water carries aroma. The important parts of their odor abatement system at the rendering facility is to encapsulate the steam vapor, keep it inside of closed pipes, closed tubes and then through an air condenser, re-condense that back to water and process that through their waste water system. The air that escapes from the system is captured in the rendering plant through wet scrubbers. They are pulling a negative on that building at all times. The air is transferred to a wet scrubbing which amounts to a big tank with a shower and air comes through that and that air is treated as it goes through that vessel and its deodorized before it's allowed to emit back into the atmosphere. The other side of their system is for high intensity vapor switcher incinerator. They go through a thermal oxidizer; it's an incinerator with a waste heat fraction into it. They don't waste the heat; it can be turned back to steam for their operations. Between those two systems, that is the bulk of what they do for odor control. Like any mechanical device, they can break down. They can have an issue. Their employees are human and unfortunately, from time to time, they do have a lapse. As was mentioned, they contracted with a professional odor abatement consultant. They came out and suggested that they increase air scrubbing capability of the facility. Due to high winds in that area, it's easy to lose vacuum in the building.





By adding the additional air scrubbing to that building, they feel that will have a huge positive impact on odor abatement. The rendering process is simply splitting, taking animal products that they collect from the bay area, various restaurants, eating establishments, taking those oils and separating from the animal proteins. It's like frying a piece of bacon.

John Bullock indicated that the specific process they are proposing to install into the facility is called transesterification. It's basic chemistry that existed for 150 years. They will take the animal fat and the used grease that's produced. They will take some impurities out of it. It has some sulfur, phosphorous, other contaminants that, if not removed, will interfere with the transesterification process. They remove those, very basic process, very small unit, and from that take the triglycerides which is the major portion of the stream that will go into the transesterification. Transesterification is simply you take fat, you take a little bit of methanol and you put it in with a changed agent or a catalyst and what you produce out of that is biodiesel and a small amount of glycerin which is an industrial compound that is used in cosmetics and animal feed. The vast majority of the stream will be the biodiesel stream itself, a basic type of process.

John Bullock indicated that they have 57 employees; 52 of them are union employees. Two live in Bayview Hunters Point; 13 live in the San Francisco area. They are going to employ 5-8 additional employees; 1-2 would be management and the rest will be plant operators. They will be working with the Young Community Developers and their unions in developing the hiring process not only for the existing unit but also for the additional biodiesel processing facility.

Brad Benson made an amendment to the resolution. Page 1 of the resolution, under the first resolved clause, the words "and companion license" should be added. The license is for Darling's site beautification improvements in front of the facility, a small little strip of land. The City Attorney's office advised to add that language into the resolved clause. The revised resolution should read: "Resolved, that the Port Commission approves the First Amendment to Lease L-12090 and companion license and authorizes the Executive Director or her designee to execute the First Amendment and companion license, in substantially the form on file with the Port Commission Secretary; and, be it further"

Commissioner Hardeman commented that he is delighted to see the president of the Longshoremens Local 6, Fred Pecker, in the audience. He is delighted that longshoremens will be employed on this project. They are the key ingredient in building the waterfront and building the labor movement in San Francisco. He is delighted to see the percentage of Darling's employees that are union. Everything is covered. We have clean air contributing to not just the community but the whole city. This is a fantastic project.

Commissioner Brandon thanked Darling International for bringing this opportunity to San Francisco. They are an international company and they could have picked any site in the world to build this biodiesel facility. She thanked them for working so diligently with Brad Benson, David Beaupre, Rona Sandler and Rich Berman. They



were very complex negotiations and she appreciated Darling stepping up and continuing to be a good neighbor. This is a win-win for the City, the Port and the surrounding community.

ACTION: Commissioner Hardeman moved approval of amended resolution; Commissioner Lazarus seconded the motion. Resolution No. 08-61 was approved.

## **11. NEW BUSINESS / AGENDA SETTING**

Commissioner Brandon made a motion to appoint Director Monique Moyer as a delegate and Peter Dailey as an alternate to the annual AAPA convention in Alaska.

With regards to the forward agenda, Ms. Moyer indicated that an informational presentation regarding solar city will be presented at the next meeting but it could slip again. The Copra Crane Landmark Association will be offering a gift to the Port at the next meeting.

## **12. PUBLIC COMMENT**

Matt Griesheimer, Vice President for ACE Parking Management, asked about the status of putting the Port parking lots out to bid. The last time a bid was put out for the Port was almost three years. He has not seen any RFPs for the parking facilities out to bid for parking operators in San Francisco.

Ms. Moyer replied that because that item is not on the calendar and because of the Brown Act, she will speak to Mr. Griesheimer after the meeting. When she became Port Director, the Port put out an RFP that has not yet expired.

## **13. COMMUNICATIONS**

## **14. ADJOURNMENT**

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commission President Kimberly Brandon adjourned the meeting at 4:29 pm.





# SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President  
Rodney Fong, Vice President  
Michael Hardeman, Commissioner  
Ann Lazarus, Commissioner  
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director  
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary  
Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA

**TUESDAY, SEPTEMBER 23, 2008**

**2:00 P.M. CLOSED SESSION**

**3:15 P.M. OPEN SESSION**

PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO, CA 94111

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk.*

*If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.*

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - September 9, 2008
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.  
**This session is closed to any non-City/Port representative.\***

- a. Property: Pier ½  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Equity Office Partners: Harout Hagopian

DOCUMENTS DEPT.

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Under Negotiation: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both  
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier ½.

- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

\*Negotiating Parties:

- (1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan  
(2) San Francisco Giants, The Cordish Company, Farallon Capital Management

Under Negotiations: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both  
The Commission found the non-Port parties identified above qualified based on their responses to a request for qualifications for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48, and selected both of them to be invited to respond to a request for proposals for the lease and development of the properties. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

## **5. RECONVENE IN OPEN SESSION**

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## **6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## **7. EXECUTIVE**

- A. Executive Director's Report
- Star Princess' Arrival at the Port – September 26, 2008 at 8 a.m.
  - Whale Boat Race – September 27, 2008 at 9 a.m. in McCovey Cove
  - Madonna del Lume Blessing of the Fishing Fleet – October 5, 2008



- Fleet Week – October 10-14, 2008
- Annual Italian Heritage Parade - October 12, 2008
- Mayor Gavin Newsom's State of the City Address – October 16, 2008
- Shake-Up San Francisco – October 21, 2008 at 12 noon
- Results of California Coastal Clean-Up

## **8. FINANCE AND ADMINISTRATION**

- A. Informational presentation regarding the status of the Port's implementation of the Recommendations from the Controller's Audit of the Port's Purchasing and Inventory Processes.

## **9. PLANNING & DEVELOPMENT**

- A. Request adoption of a resolution urging the Board of Supervisors to accept the offer of a gift from the Copra Crane Landmark Association to repair and improve the Copra Crane at Pier 84 on Islais Creek. (Resolution No. 08-62)

## **10. REAL ESTATE**

- A. Informational Presentation on demolition of wood frame diner (currently occupied by Tait's at the Wharf) in front of Pier 45, Shed A.

## **11. ENGINEERING**

- A. Request approval of the Development Plan and Schedule for the Port of San Francisco's Sewer System Management Plan in compliance with the California Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (Water Quality Order No. 2006-0003). (Resolution No. 08-63)

## **12. NEW BUSINESS / AGENDA SETTING**

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation of lease with Solar City, Inc., a Delaware Corporation, for the premises located at Pier 96 Maintenance and Repair Building (October 14, 2008)
  - Request approval of parking meter rate schedule (October 14, 2008)
  - Informational Presentation regarding Lease No. L-14590 with Distillery 209 for a Term of Ten Years (October 28, 2008)
  - Informational presentation on proposed cruise terminal planning study at Pier 27 (October 28, 2008)
  - Request authorization to award a contract for professional engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38 (October 28, 2008)
  - Request approval of Prop 40 Clean Beaches Initiative pass-through grant funds in the amount of \$72,132 to San Francisco State University "SF Rocks" Program to





provide water quality monitoring in support of Pier 45 Drainage Improvements Project (October 28, 2008)

- Informational Presentation regarding approval of Lease No. L-14581 with D & G Company LLC, d.b.a. Lou's at Pier 47 for a term of 20 Years for a Restaurant Site at 300 Jefferson Street (November 18, 2008)
- Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (December 9, 2008)
- Request authorization to award a contract for professional financial advisory services (December 9, 2008)
- Request approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for approximately 29,734 square feet of space on the west end of Pier 17, and subject to Board of Supervisors approval; and Request approval of a Month-to-Month License No. 14604 for Temporary Retail Sales, for approximately 235 square feet of space on the north side of Pier 17. (Date to be determined)
- Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
- Informational Presentation of Development Proposals for Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, in response to the SWL 337 Development Request for Proposals (Date to be determined)
- Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (Date to be determined)

### 13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

### 14. COMMUNICATIONS

Communications to the Port Commission from September 5, to September 18, 2008:

- From Neil Godbole and Cynthia Thiele, 733 Front Street Owners Association, regarding SWL 351

### 15. ADJOURNMENT



**OCTOBER/NOVEMBER 2008**  
**CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC**

| Date        | Time             | Group                          | Location             |
|-------------|------------------|--------------------------------|----------------------|
| October 14  | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|             | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |
| October 28  | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|             | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |
| November 18 | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|             | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. *The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com).* Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or [michael.nerney@sfport.com](mailto:michael.nerney@sfport.com)

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or [jennifer.sobol@sfport.com](mailto:jennifer.sobol@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or [mark.paez@sfport.com](mailto:mark.paez@sfport.com)

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or [dan.hodapp@sfport.com](mailto:dan.hodapp@sfport.com)





## ACCESSIBLE MEETING INFORMATION

### **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

### **PIER 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.



### **Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

### **Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

## **NOTICES**

### **Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

### **Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).








## MEMORANDUM

September 18, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Informational Presentation Regarding the Status of the Port's Implementation of the Recommendations from the Controller's Audit of the Port's Purchasing and Inventory Processes

**DIRECTOR'S RECOMMENDATION:** Informational Presentation

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### Background

In the summer of 2006 Port staff requested the Controller's Office to conduct an audit of the Port's Maintenance Division's purchasing and inventory practices to determine whether the Port had adequate internal controls to prevent unauthorized purchases, if it is purchasing items at appropriate prices from appropriate vendors, and if it maintains an accurate inventory of its materials and supplies. The Controller's Office commenced its audit in January 2007 and completed it in February 2008. The final report was issued on March 7, 2008.

In short, the Controller's Office found that the Port's Maintenance Division had multiple weaknesses in its purchasing, receiving, and inventory practices. The Controller identified 56 recommendations to improve accountability over purchasing, receiving, and inventory functions. Port staff concurred with all of the recommendations. Because of the complexity of some of the recommendations such as replacing the Port's computerized Maintenance Management System, Avantis, we estimated that it will take us up to three years to implement all of the Controller's Office recommendations. This report is an update on the progress Port staff have made in implementing the Controller's recommendations.

Prior to March 2008, we had already implemented some of the recommendations including (1) sending staff to an inventory class, (2) requiring that vendor deliveries be made to the storeroom, (3) drafting purchasing and inventory policies, (4) initiating a needs assessment to replace Avantis, and (5) substantially completing a segregated parking lot required for Maintenance employees.

**This Print Covers Calendar Item No. 8A**





## Status of Implementing the Controller's Audit Recommendations

Port staff have done the following in response to the Controller's audit recommendations:

1. Wrote and issued Policy Directives regarding:
  - Purchasing by the Maintenance Division
  - Vendor Payments for Maintenance Division Purchases
  - Inventory Control
  - Receiving Vendor Deliveries
  - Charging to Appropriate Work-orders
  - Business Property – Official Use and Inventory Listing
  - Signature Files – Transaction Approval Responsibility
2. Held an all-hands staff meeting at the Maintenance Division to distribute the Policy Directives, review the audit findings and recommendations, and discuss implementing the Controller's recommendations.
3. Formed the following interdivisional teams to develop detailed plans required to implement the audit recommendations:
  - a. **Executive Steering Committee** meets bi-weekly to oversee the Port's progress in implementing the audit recommendations.
  - b. **Purchasing Committee** to review the Port's requisitioning and tracking processes and recommend ways to streamline and better organize it. The Purchasing Committee has developed detailed purchasing procedures that will be issued to Port staff in the next 30 days and will be fully implemented thereafter.
  - c. **Receiving and Materials Management Committee** to organize and fully implement a centralized receiving function for the Maintenance Division as well as make improvements to materials management. The Receiving and Material Inventory Committee has developed detailed procedures that will be issued to Port staff in the next 30 days and will be fully implemented thereafter.
  - d. **Payment Committee** to reorganize the Port's payment process such that payments are timely, consistent with the purchase order price, and that there is proper segregation of duties. The Payment Committee has developed detailed procedures that will be issued to Port staff in the next 30 days and will be fully implemented thereafter.
  - e. **Avantis Replacement Steering Committee** to identify and implement the appropriate computer system to replace Avantis, the current Maintenance Management system, as well as to identify feasible interim improvements. The Avantis Replacement Committee has developed requirements for a new maintenance management system. Port staff have drafted a Request for Proposals (RFP) to hire a consultant to conduct an initial assessment that will identify:
    - (1) available vendor software packages that satisfy the Port's requirements;
    - (2) interfaces the Port will need to build between the new system and existing Port



and City systems; (3) requirements to decommission the existing system; and (4) cost, time and resource estimates to procure and implement a new maintenance management system. Port staff expect to contract with a consultant for these services in the next two months with the initial assessment complete by January 2009. The Port's FY 2009-10 budget will include funding to implement a new maintenance management system.

f. *Other Recommendations from the Controller's Audit Report* The following are additional specific recommendations from the Controller's audit report and the status of implementation:

- **Audit Recommendation: Segregate Employee Parking from Port Vehicle Parking** - The segregation of employee vehicles from Port vehicles was achieved by creating an employee parking lot that is contained within fencing adjacent to the Pier 50 Maintenance Facility that Port staff completed in June 2008.
- **Audit Recommendation: Re-key the Storeroom at Pier 50** - The Storeroom was re-keyed in March 2008.
- **Audit Recommendation: Install Global Positioning System (GPS) on Port Vehicles** - The City has advertised GPS for bids from which the Port can use to install GPS on its vehicles.

## Conclusion

Port staff are making progress towards implementing the recommendations from the Controller's audit of its purchasing and inventory functions. We continue to believe that it will take three years to fully implement all of the audit's recommendations or by March 2011 primarily related to replacing Avantis. We will continue to submit bi-annual status reports to the Port Commission to keep the Commissioners briefed of our progress.

Prepared by: Tina Olson  
Deputy Director, Finance and Administration

Tom Carter  
Deputy Director, Maintenance

Dave Deasy  
Senior Analyst, Maintenance Division

Susan Kearney  
Director of Information Systems

George Onyemem  
Manager, Business Services

John Woo  
Fiscal Officer



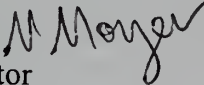




## MEMORANDUM

September 16, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Request adoption of a resolution urging the Board of Supervisors to accept the offer of a gift from the Copra Crane Landmark Association to repair and improve the Copra Crane at Pier 84 on Islais Creek. (Resolution No. 08-62)

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

### INTRODUCTION

The Copra Crane is the last remnant artifact along San Francisco's waterfront of the days when the Longshoreman used hand operated machinery to off load material from cargo vessels. It is also the last surviving part of the former Carghill industrial plant that was developed on the northern shore of Islais Creek at the terminus of Indiana Street, known as Pier 84 (see Exhibit A, Photo and Location). The crane stands 5-stories high and weighs approximately 16,000 pounds and was last used by Carghill in 1974 to off load Copra (dried coconut) that was imported primarily from the Philippines. The crane was built in the early 1970's by Carghill to replace an older Copra Crane.

The Copra Crane Labor Landmark Association (CCLLA) is a volunteer organization that represents active or retired waterfront building trades, including the ILWU, the Pile Drivers Local 34, the Ironworkers Local 377 and the Electricians, Local 6. In addition there are a number of individuals that also volunteer including Rex McCardell, the engineer that designed the crane, community members, Friends of Islais Creek and Labor Historians. The organization was formed to restore and save the crane and to eventually honor its historic Labor significance and contributions to San Francisco's Waterfront History by seeking official Landmark designation and protection afforded by Article 10 of the City Planning Code, the City's landmarks preservation ordinance. Currently the crane is recognized by the City Planning Department and State Office of Historic Preservation as a historic resource that is eligible for listing on the National Register of Historic Places pursuant to the City's Planning Department's 2001 Central Waterfront Cultural Resources Survey.

This Print Covers Calendar Item No. 9A



CCLLA has devised a restoration and improvement plan for the Copra Crane that abates the significant deterioration and hazardous condition of the crane and that portion of the wharf structure that supports it. The plan is consistent with the Port's and the community's interest in preserving this iconic structure. The restoration is also a central part of future plans for the enhancement of the Islais Creek area and will support the recognition of the importance of labor history in the development of San Francisco's waterfront. Port staff has reviewed the proposed scope of work and has determined that the proposed improvements would be consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties.

## OVERVIEW

The CCLLA has been working with Port staff and Municipal Transportation Authority (MTA) staff since early 2000 on a project to repair and restore the significantly deteriorated crane and to develop a Labor History exhibit adjacent to the crane. The Labor History exhibit is planned as a component of the proposed Islais Creek MTA yard, adjacent to the crane. Together with Port staff and with volunteer and donated services, the CCLLA has developed a work program to preserve the crane. The following is a brief overview of that work program:

- Inspect the Copra Crane and develop a lifting plan to be approved by the Port's Engineering Department; if possible, the Port may assist by providing a structural engineer and iron worker for the inspection; CCLLA will provide a lifting crane and some of the requisite inspectors
- CCLLA, coordinating with the Port, will secure all necessary permits, including a Port Encroachment Permit (CCLLA & Port), a San Francisco Bay Conservation Development Commission (BCDC) Permit (Port) and environmental review pursuant to the California Environmental Quality Act (Port)
- Lift Copra Crane from existing platform and move to a secure Port-designated site; the CCLLA has received a donation offer from Manson Marine for this work (CCLLA)
- Repair existing Crane platform with 4 new piles and support cross beams and remove existing piles where required (CCLLA volunteers from various unions)
- Sandblast and repaint Copra Crane (CCLLA raised funds to retain contractor and volunteers)
- Return and reinstall the Copra Crane to repaired platform (CCLLA volunteers)

The CCLLA will coordinate all work on the Copra Crane and will make certain that any contractors doing work on the Crane will have secured an Encroachment Permit from the Port that will include an indemnification of the Port and City and proof of insurance. In addition, any individuals conducting work will need to sign a release of liability and indemnify the Port and the City from any harm that may occur to them by conducting work on the crane. CCLLA will also execute a release of liability and indemnification.

In order to allow the CCLLA to donate the services to the Port of San Francisco, the City's Administrative Code 10.100-305 requires that the Board of Supervisors approve donations in excess of \$10,000. The CCLLA has estimated the total cost of materials and services to be approximately \$430,000, including:

- |                               |           |
|-------------------------------|-----------|
| • Inspection of Crane         | \$ 10,000 |
| • Lifting plan                | \$ 5,000  |
| • Lifting and moving of Crane | \$ 60,000 |



|                                       |                         |
|---------------------------------------|-------------------------|
| • Structural repair of Crane          | \$ 20,000               |
| • Sand blasting and painting of Crane | \$150,000               |
| • Repair/construct new platform       | \$100,000               |
| • Install Crane on new platform       | \$ 55,000               |
| • Lighting                            | \$ 15,000               |
| • Signage and historic material       | <u>\$ 15,000</u>        |
| <i>Total</i>                          | <i><u>\$430,000</u></i> |

## SCHEDULE

The schedule is dependent upon the Port Commission's and Board of Supervisors' approval and upon the availability of volunteer labor. If the CCLLA receives approval from the Port Commission and the Board of Supervisors as anticipated in early October, the tentative schedule is:

|   |                        |
|---|------------------------|
| • Inspect Crane and Develop Lifting Plan: | October-November 2008  |
| • Lift and Move Crane:                    | November-December 2008 |
| • Structural Repair of Crane & Platform:  | January-June 2009      |
| • Sand Blasting & Painting of Crane:      | July-August 2009       |
| • Install Crane on New Platform:          | September-October 2009 |
| • Lighting and historical material:       | November-December 2009 |

## CONCLUSION

The Port is honored to receive the CCLLA's offer to restore and preserve an important symbol of the Port's rich labor and shipping history.

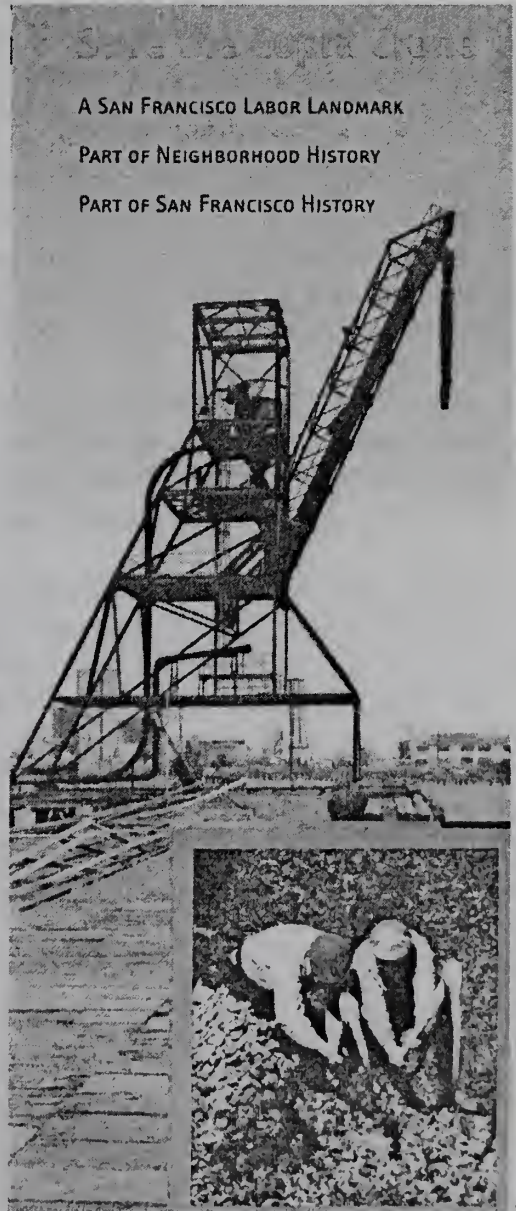
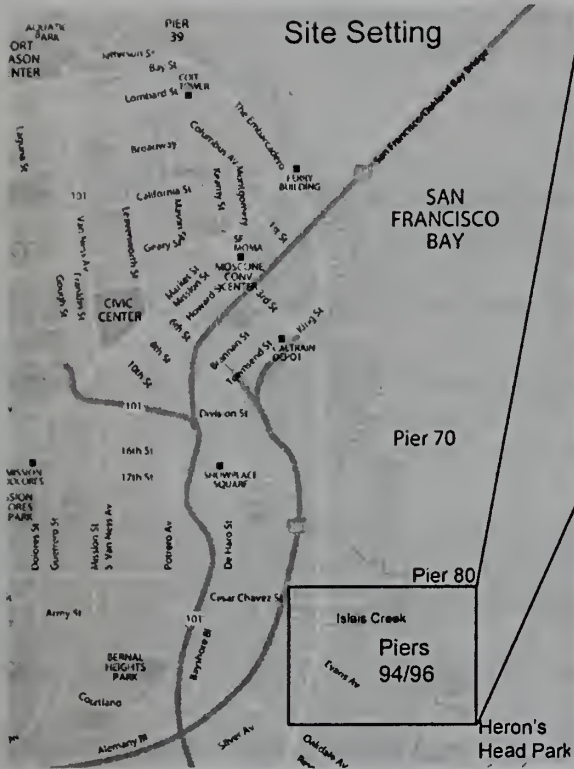
Port staff recommends supporting the efforts of the CCLLA in the restoration of the Copra Crane, by providing assistance in securing the necessary permits and providing guidance and oversight into the restoration.

Prepared By: David Beaupre, Senior Waterfront Planner





# Exhibit A, Site Location & Photos



Volunteers of Copra Crane Labor Landmark Association  
in front of Copra Crane



Laborers Unloading Copra





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-62**

- WHEREAS,** The Copra Crane is the only remnant of a hand-operated machine for loading and unloading bulk cargo on the Port of San Francisco; and
- WHEREAS,** The Copra Crane was operated by Longshoremen at the Port at Pier 84; and
- WHEREAS,** The Copra Crane stands 5-stories high and weighs approximately 16,000 pounds and was last used in 1974 to remove copra (dried coconut) imported from the Philippines from cargo vessels; and
- WHEREAS,** The Copra Crane is recognized by the City's Planning Department and the State Office of Historic Preservation as a historic resource eligible for listing on the Historic Register of Historic Places; and
- WHEREAS,** The Copra Crane is in a state of great disrepair; and
- WHEREAS,** The Copra Crane Labor Landmark Association (CCLLA) is an organization developed and committed to restoring the Copra Crane as an industrial artifact and a tribute to the many laborers who worked on San Francisco's waterfront; and
- WHEREAS,** CCLLA submitted a letter to the Port, on file with the Secretary of the Port Commission, containing a proposed scope of work, with an estimated value of \$430,000, for the restoration of the Copra Crane, and offering the performance of the services as a gift to the Port of San Francisco; and
- WHEREAS,** CCLLA's proposal for the restoration of the crane is consistent with the Port's and community's interest in preserving this iconic structure which would be a central part of future plans for the enhancement of the Islais Creek area as well as recognition of the importance of labor history in the development of San Francisco's waterfront; and
- WHEREAS,** Port staff has reviewed the proposed scope of work and has determined that the proposed improvements would be consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties; and
- WHEREAS,** Port staff has reviewed the work program for the restoration project and approves of it in concept and;
- WHEREAS,** CCLLA will oversee and coordinate all work on the Copra Crane and will make certain that any contractors doing work on the crane will have secured all necessary approvals, including an encroachment permit from the Port that requires indemnification of the Port and City and proof of insurance; and





- WHEREAS,** Each member of CCLLA or volunteer performing work on the restoration project will, prior to performing any work, release the Port and City, and indemnify and hold them harmless from any liability arising from his or her work; and
- WHEREAS,** CCLLA also will, prior to commencing the restoration project, release the Port and the City, and indemnify and hold them harmless from any liability arising from the restoration project; and now, therefore, be it
- RESOLVED,** That the Port Commission is honored to receive the Copra Crane Labor Landmark Association's offer to restore and preserve an important symbol of the Port's rich labor and shipping history; and, be it further
- RESOLVED,** That the Port Commission urges the Board of Supervisors also to accept the Copra Crane Landmark Association's offer of a gift of services for the restoration of the Copra Crane, valued at approximately \$430,000.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 23, 2008.*

---

Secretary





## MEMORANDUM

September 18, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Informational Presentation on Demolition of Wood Frame Diner (currently occupied by Tait's at the Wharf) in front of Pier 45, Shed A

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

---

### OVERVIEW

The purpose of this report is to inform the Port Commissioners about the planned demolition of the wood frame building, currently occupied by Tait's at the Wharf, in front of Pier 45, Shed A, which is at the intersection of Taylor Street and The Embarcadero in Fisherman's Wharf. This removal will permanently eliminate an income-producing asset and improve public access to the area.

### BACKGROUND

The structure consists of a 595 sq. ft. kitchen and a covered dining area of 617 sq. ft. The adjacent 71 sq. ft. photo kiosk was vacated a year ago. The month-to-month license for Patio Sandwich Shops, Inc., dba Tait's at the Wharf, began on September 1, 1978 at a base rent of \$111/mo. plus 8% on gross sales of food. Recent annual revenue to the Port from Tait's is shown below:

|                   | Annual Base Rent | Percentage Rent | Total    | Monthly    |
|-------------------|------------------|-----------------|----------|------------|
| Dec '98 – Nov '99 | \$1,897          | \$26,261        | \$28,158 | \$2,346.50 |
| Dec '03 – Nov '04 | \$1,897          | \$54,885        | \$56,782 | \$4,731.83 |
| Jul '07 – Jun '08 | \$1,897          | \$42,357        | \$44,254 | \$3,687.83 |

Kitchen fires on October 4, 2005 and November 29, 2007 were suppressed without serious consequences.

**THIS PRINT COVERS CALENDAR ITEM 10A**



On February 15, 2008, the Port sent a courtesy notice to the tenant informing them that their occupancy would be terminated this summer. The tenant submitted and the Port accepted their termination notice effective September 30, 2008. Since the building will not be replaced with another revenue-producing facility, the tenant is not eligible for relocation benefits.

This demolition begins implementation of a series of recommendations made by the Fisherman's Wharf Area Plan Committee to make the Wharf appealing to Bay Area residents: provide more open space in the central Wharf Area; improve information on the fishing industry and area history; and create a series of connected open spaces in the Triangle Lot area that enhance enjoyment of the Bay, fishing industry, and commercial uses.

Several projects consistent with these objectives are planned at the center of Fisherman's Wharf:

1. Immediate improvements to public access, views and seating in the demolition area;
2. Drainage improvements at Pier 45 West, to begin later in 2008;
3. Drainage, sidewalk widening, and roadway improvements on Taylor Street, to begin in 2009; and
4. Integration of Park Bond Improvements with Item #1.

All of these projects further our objectives to improve the quality of the Bay waters, the appearance and user's experience of Fisherman's Wharf, and, as a result, Port revenue.

## **SUMMARY**

Port Staff, from numerous disciplines, met to evaluate, plan, and fund this project:

1. Port Planning found that the building is not historic and that the project is Categorically Exempt from CEQA review. The San Francisco Planning Department's Major Environmental Analysis Division agreed.
2. Once the utilities are disconnected, the building poses no other structural issues.
3. Upon termination of the lease, Port Maintenance will disconnect the utilities and non-hazardous items such as the awnings and wood lattice.
4. The Environmental Division obtained a hazardous materials report.
5. The Environmental Division obtained a preliminary cost estimate from a Department of Public Works vendor to demolish and dispose of the building components for \$19,455. This includes compliance with asbestos procedures including working in containment, removal of the building and slab around the entire footprint, clearance and disposal.
6. Once demolished, Port Maintenance will level and pave the area with asphalt and install bollards and street furnishings as designed and funded by Port Planning.
7. Port Planning advised that this is below the threshold for BCDC notification,
8. Port staff has recently obtained, installed, and activated new mailboxes for Pier 45 tenants, which are around the corner of Shed A. The old mailboxes behind Tait's will be removed.
9. The Park Bond Improvements will fund The Embarcadero promenade work from Pier 41 to Pier 45, of which this demolition area is the western terminus.



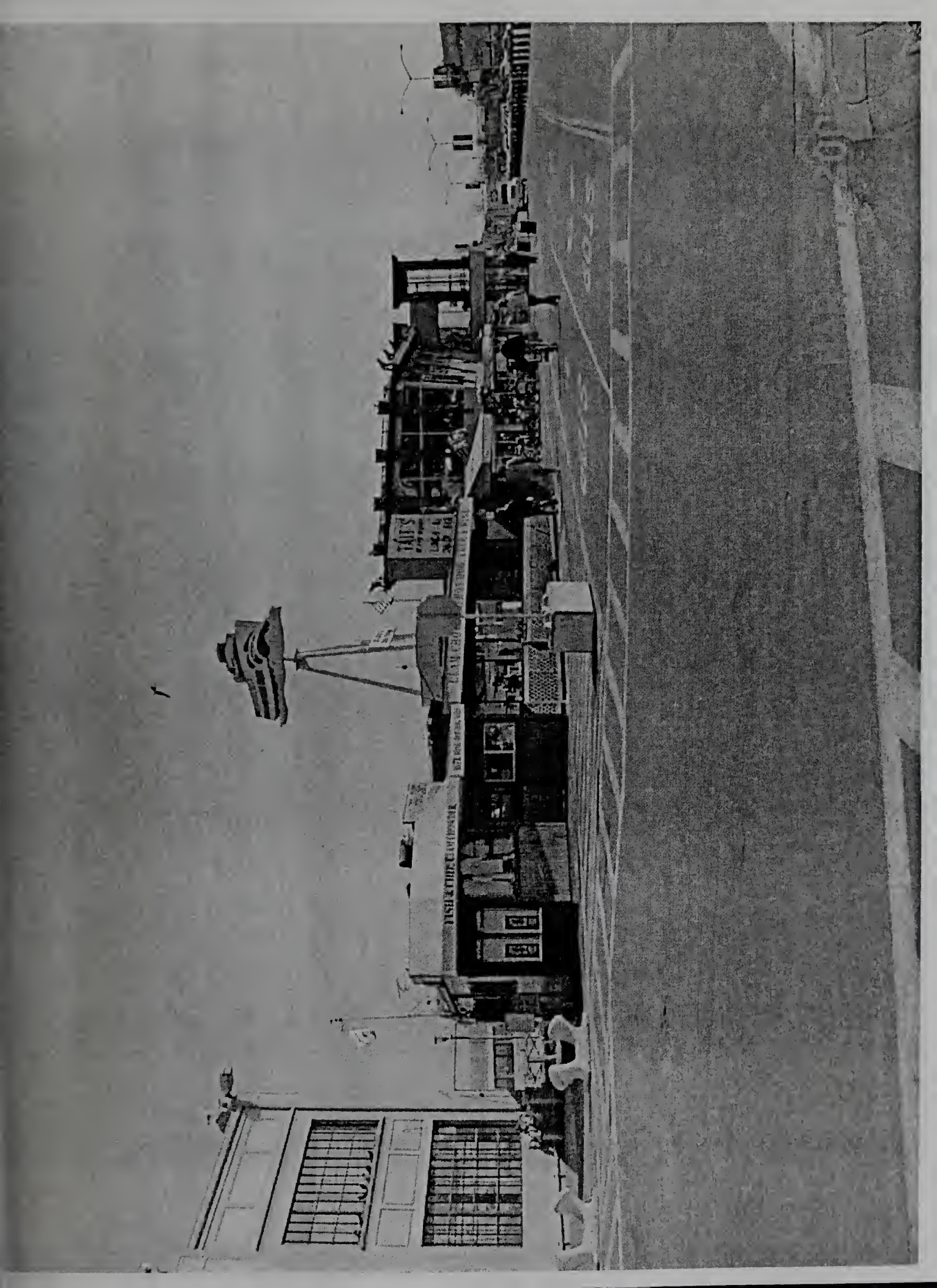


This demolition and renovation is the first step in improving this area consistent with both the Fisherman's Wharf Area Plan and the 2008 Parks General Obligation Bond.

Prepared by: Claudia Davison, CPM®  
Commercial Property Manager

For: Susan Reynolds, Deputy Director  
Port Real Estate











San Francisco CarlosBerenguer@aol.com



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## MEMORANDUM

September 15, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique A. Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Resolution to Approve the Development Plan and Schedule for the Port of San Francisco's Sewer System Management Plan in compliance with the California Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (Water Quality Order No. 2006-0003)

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution

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### Overview

This item requests the Port Commission to approve the development plan and schedule for the completion of a Sewer System Management Plan ("Management Plan"). The preparation of a Management Plan is a requirement imposed by the California State Water Resources Control Board ("SWRCB") on all public entities that operate more than one linear mile of sanitary sewer lines. The SWRCB requires the governing body of any agency that must develop a Management Plan to adopt, at a public meeting, a development plan and schedule for preparation of the Management Plan.

### Background

On May 2, 2006, the SWRCB adopted Water Quality Order No. 2006-0003 ("Order") which established requirements for all publically owned or operated sanitary sewer systems within the State of California. The Order establishes a set of affirmative actions required on the part of regulated agencies to minimize or prevent the occurrence of Sanitary Sewer Overflows ("Overflows"), which have caused beach closures and the contamination of rivers and streams throughout the state. The Order applies to all federal and state agencies, municipalities, counties, and other public entities that operate a sanitary sewer system greater than one mile in length. The Order requires that regulated agencies:

**This Print Covers Calendar Item No. 11A**



- 1) Report Overflows to the SWRCB and other state and local emergency response agencies, including the State Office of Emergency Services and the San Francisco Department of Public Health; and
- 2) Develop and implement a Management Plan.

The Management Plan is a written document that details how a regulated agency's sewer system is operated, maintained, repaired and funded. The Order specifies a time schedule for development of the Management Plan. The SWRCB requires that both the Development Plan and Schedule and the Final Management Plan be approved by the agency's governing board. The reasoning behind this requirement is to ensure the governing board is aware of the Management Plan and its potential impacts such as budgetary requirements and new ordinances (e.g., regulation of the discharge of fats, oils and grease to the City sewer system).

The time schedule for preparation of the Management Plan is based on the size of the population served by the sewer collection system. The Port of San Francisco services a population equivalent of less than 10,000, and is thus required to complete its Management Plan by May 2, 2010. The Management Plan must contain the following elements:

- **Management Plan Organization:** Identify responsible or authorized representatives and the chain of communication for reporting Overflows.
- **Legal Authority:** Demonstrate that the Port possesses the necessary legal authority to prevent illicit discharges to its sanitary sewer system and provides for the proper design, construction, and maintenance of the sewer system and laterals to the sewer system.
- **Operation and Maintenance Program:** Document routine operational and preventative maintenance activities, including a rehabilitation and replacement plan to identify and address system deficiencies.
- **Design and Performance Measures:** Develop design standards and specifications for construction of new sanitary sewer systems, pump stations and other appurtenances, and for the rehabilitation of existing systems.
- **Overflow Emergency Response Program:** Develop a plan and procedures to respond to Overflows, including provisions for notification of appropriate government agencies.
- **Fats, Oil and Grease ("FOG"):** Develop a program to control the discharge of fats, oil and grease to the sewer system.
- **System Evaluation and Capacity Assurance Program:** Prepare a capital improvements plan that will provide adequate hydraulic capacity of key sanitary sewer elements for dry weather peak flows as well as appropriate design for wet weather events.
- **Monitoring, Measurement, and Program Modifications:** Establish a plan and procedures to monitor effectiveness of the Management Plan.
- **Management Plan Program Audits:** Conduct periodic internal audits, at least every two years, to evaluate the effectiveness of the Management Plan.
- **Communications Program:** Communicate regularly with the public regarding development, implementation and performance of the Management Plan.





Port staff has prepared a development plan and schedule as required by the Order, and has contracted with URS Corporation to complete the required elements of the Management Plan. The San Francisco Public Utilities Commission and the San Francisco International Airport are two other City agencies that are also required to complete Management Plans. Port staff will coordinate inter-departmentally to ensure consistency between the three efforts.

**Environmental Review:** The proposed action is statutorily exempt from requirements of the California Environmental Quality Act.

**Regulatory Approvals:** No regulatory approvals are required for this project.

**Funding:** \$150,000 has been allocated to the Engineering Division's budget (GPO553) for development of the Management Plan.

**Schedule:**

| Management Plan Task                          | Completion Date |
|---|-----------------|
| Development Plan and Schedule                 | 9/24/2008       |
| Goals   | 9/24/2008       |
| Organization                                  |                 |
| Overflow Emergency Response Program           | 11/2/2009       |
| FOG Control Program                           |                 |
| Legal Authority                               |                 |
| Operations and Maintenance Program            |                 |
| Design and Performance Provisions             | 5/2/2010        |
| System Evaluation and Capacity Assurance Plan |                 |
| Monitoring and Program Modifications          |                 |
| Program Audits                                |                 |
| Communications Program                        |                 |
| Final Management Plan Implementation          |                 |

**Commission Action**

Port staff seeks Commission approval of the attached development plan and schedule for completion of a Sewer System Management Plan.

Prepared by: John Mundy, Utility Specialist  
Port Engineering Division

For: Ed Byrne, Chief Harbor Engineer  
Port Engineering Division



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 08-63**

- WHEREAS, The California State Water Resources Control Board ("SWRCB") has determined that Sanitary Sewer Overflows ("Overflows") pollute surface and ground waters, threaten public health, adversely affect aquatic life, and impair the recreational use and aesthetic enjoyment of surface waters; and
- WHEREAS, Typical consequences of Overflows include the closure of beaches and other recreational areas, inundated properties, and polluted rivers and streams; and
- WHEREAS, On May 2, 2006, the SWRCB adopted Water Quality Order No. 2006-0003 ("Order") which requires operators of sanitary sewer systems in California to develop a Sanitary Sewer Management Plan ("Management Plan") to reduce Overflows; and
- WHEREAS, The Port of San Francisco is an operator pursuant to provisions of the Order and is required to comply by preparing a Management Plan; now, therefore, be it
- RESOLVED, The Port Commission directs Port staff to complete a Management Plan in accordance with the Development Plan and Schedule attached to the staff memorandum of September 15, 2008.

*I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 23, 2008.*

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Secretary





**Exhibit 1**

**Port of San Francisco**

**SSMP Development Plan and Schedule**





August 25, 2008

Mr. Mabal Bhat  
Utilities Manager  
Port of San Francisco  
Pier 1  
San Francisco, CA 94111

**Re: Port of San Francisco Sewer System Management Plan  
Development Plan and Schedule**

Dear Mr. Bhat:

On May 2, 2006, the State Water Resources Control Board adopted Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-0003-DWQ (Order). The Order provides a consistent, statewide regulatory approach to address sanitary sewer overflows. The Port of San Francisco (Port) sanitary sewer system falls within the jurisdiction of the Order. URS is assisting the Port with addressing the requirements of the Order.

To be in compliance with the Order, the Port of San Francisco must develop and implement a system-specific Sewer System Management Plan (SSMP). The SSMP will assist the Port in funding and managing its sanitary sewer system. The SSMP must include provisions to provide proper and efficient management, operation, and maintenance of its sanitary sewer system, while taking into consideration risk management and cost benefit analysis. Additionally, the SSMP must contain a spill response plan that establishes standard procedures for immediate response to sanitary sewer overflows in a manner designed to minimize water quality impacts and potential nuisance conditions.

One of the first actions required under the Order is the preparation of a Development Plan and Schedule. The Development Plan lists the required SSMP tasks, and the Schedule provides target completion dates. Attached please find a Development Plan and Schedule that we have prepared for the Port. The Development Plan and Schedule should be approved by the Port's Board of Commissioners at a public meeting, then kept on file.

Please contact me at 510-874-3117, if you have any questions or need additional information.

Sincerely,

Craig J. Smith  
Sr. Project Manager

Enclosure

cc: Rita M. Foti, URS Corporation  
John Mundy, Port of San Francisco

URS Corporation  
One Penn Plaza, Suite 610  
New York, NY 10119-0698  
Tel: 212.736.4444  
Fax: 212.629.4249  
www.urscorp.com





## Port of San Francisco SSMP Development Plan and Schedule

| SSMP Task       | Description   | Target Completion Date |
|-----------------|---|------------------------|
| Goals           | <p>The Port's goals are:</p> <ul style="list-style-type: none"> <li>◆ To provide a plan to properly fund, manage, operate, and maintain all parts of its sanitary sewer system</li> <li>◆ To provide adequate capacity to convey peak flows</li> <li>◆ To minimize the frequency of sanitary sewer overflows (SSOs)</li> <li>◆ To mitigate the impact of SSOs</li> <li>◆ To provide for appropriate and efficient response in the event of an overflow emergency</li> <li>◆ To provide operations and maintenance (O&amp;M) training for all field crew and standby personnel who are involved with responding to SSOs</li> <li>◆ To establish, coordinate and assign O&amp;M responsibilities with the Port's tenants</li> <li>◆ To improve maintenance planning</li> <li>◆ To minimize public exposure to unsafe conditions</li> <li>◆ To protect the public health and the aquatic environment</li> <li>◆ To protect the health and safety of the Port's employees.</li> </ul> | September 24, 2008     |
| Organization    | <p>The Port shall provide an organizational structure that:</p> <ul style="list-style-type: none"> <li>◆ Includes the names and telephone numbers of management, administrative, and maintenance staff responsible for implementing, managing, and updating the SSMP</li> <li>◆ Identifies lines of authority for responding to and reporting SSOs.</li> </ul>  | September 24, 2008     |
| Legal Authority | <p>The Port's legal authority is established through:</p> <ul style="list-style-type: none"> <li>◆ Sanitary sewer use ordinances, service agreements, and other legally binding documents that prevent illicit discharges into the sanitary sewer system</li> <li>◆ Require sewers and connections to be properly designed and constructed</li> <li>◆ Ensure access for maintenance, inspection, or repairs of sewer mains and laterals</li> <li>◆ Limit the discharge of fats, oils, and grease and other debris that may cause blockages</li> <li>◆ Enforce any violations of its sewer ordinances.</li> </ul>  | November 2, 2009       |







## Port of San Francisco SSMP Development Plan and Schedule

| SSMP Task                           | Description   | Target Completion Date |
|-------------------------------------|---|------------------------|
| Overflow Emergency Response Program | <p>The Port shall develop and implement an overflow emergency response plan that identifies measures to protect the public health and the environment. The plan must include:</p> <ul style="list-style-type: none"> <li>◆ Procedures to inform all primary responders and regulatory agencies in a timely manner of all SSOs.</li> <li>◆ A program to ensure an appropriate response to all overflows.</li> <li>◆ Procedures to ensure prompt notification to appropriate regulatory agencies and other potentially affected entities of all SSOs. The SSMP should identify the officials who will receive immediate notification.</li> <li>◆ Procedures to ensure that appropriate staff and contractor personnel are aware of and follow the Emergency Response Program.</li> <li>◆ Procedures to address emergency operations, such as traffic and crowd control.</li> <li>◆ A program to ensure that all reasonable steps are taken to contain and prevent the discharge of untreated or partially treated wastewater to waters of the United States and to minimize or correct any adverse impact on the environment resulting from the SSOs.</li> </ul>  | November 2, 2009       |
| Operation and Maintenance Program   | <p>The Port shall:</p> <ul style="list-style-type: none"> <li>◆ Maintain an up-to-date map of its sanitary sewer system, showing all gravity line segments and manholes, pumping facilities, pressure pipes and valves, and any other structures and appurtenances.</li> <li>◆ Describe routine preventive operation and maintenance activities, including a system for scheduling regular maintenance and cleaning of the sanitary sewer system.</li> <li>◆ Develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency, including regular visual and TV/camera inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation actions. The plan should include a capital improvement plan (CIP) that addresses proper management and protection of the infrastructure assets.</li> <li>◆ Provide training on a regular basis for staff in sanitary sewer system operations and maintenance, and require contractors to be properly trained.</li> <li>◆ Provide equipment and replacement part inventories.</li> </ul> | November 2, 2009       |





## Port of San Francisco SSMP Development Plan and Schedule

| SSMP Task                                    | Description  | Target Completion Date |
|--|--|------------------------|
| Fats, Oils, and Grease (FOG) Control Program | <p>The Port must prepare and implement a source control program to reduce the amount of Fats, Oils, and Grease (FOG) discharged to the sanitary sewer system. The plan shall include the following:</p> <ul style="list-style-type: none"> <li>◆ An implementation plan and schedule for a public education outreach program that promotes proper disposal of FOG.</li> <li>◆ A plan and schedule for the disposal of FOG generated within the sanitary sewer system service area. This may include a list of acceptable disposal facilities and/or additional facilities needed to adequately dispose of FOG generated within a sanitary sewer system service area.</li> <li>◆ The legal authority to prohibit discharges to the system and identify measures to prevent SSOs and blockages caused by FOG.</li> <li>◆ Requirements to install grease removal devices (such as traps or interceptors), design standards for the removal devices, maintenance requirements, best management practices (BMPs), record keeping and reporting requirements.</li> <li>◆ Authority to inspect grease producing facilities, enforcement authorities, and whether the Port has sufficient staff to inspect and enforce the FOG ordinance.</li> <li>◆ An identification of sanitary sewer system sections subject to FOG blockages and establishment of a cleaning maintenance schedule for each section.</li> <li>◆ Development and implementation of source control measures for all sources of FOG discharged to the sanitary sewer system for each section identified.</li> </ul> | November 2, 2009       |
| Design and Performance Provisions            | <p>The Port must:</p> <ul style="list-style-type: none"> <li>◆ Develop standards and specifications for the design and construction of new sanitary sewer systems, pump stations and other appurtenances, and for the inspection, rehabilitation and repair of existing sanitary sewer systems.</li> <li>◆ Develop procedures and standards for inspecting and testing the installation of new sewers, pumps, and other appurtenances and for rehabilitation and repair projects.</li> </ul>   | May 2, 2010            |







## Port of San Francisco SSMP Development Plan and Schedule

| SSMP Task  | Description   | Target Completion Date |
|--|---|------------------------|
| System Evaluation and Capacity Assurance Plan      | <p>The Port shall prepare and implement a capital improvement plan (CIP) that will provide sufficient hydraulic capacity of key sanitary sewer system elements for dry weather peak flow conditions, as well as the appropriate design storm or wet weather events. The plan must include:</p> <ul style="list-style-type: none"> <li>◆ Evaluation of the Port's sanitary sewer system conditions and identification of hydraulic deficiencies.</li> <li>◆ Establishment of appropriate design criteria.</li> <li>◆ Capacity enhancement measures to establish short- and long-term CIPs that will provide hydraulic capacity under peak flow conditions. The CIP may include increases in pipe size, infiltration/inflow reduction programs, increases and redundancy in pumping capacity, and storage facilities. The CIP shall include an implementation schedule and shall identify sources of funding.</li> <li>◆ Development of a schedule of completion dates for all portions of the capital improvement plan described above.</li> </ul> | May 2, 2010            |
| Monitoring, Measurement, and Program Modifications | <p>The Port shall:</p> <ul style="list-style-type: none"> <li>◆ Maintain relevant information that can be used to establish and prioritize appropriate SSMP activities.</li> <li>◆ Monitor the implementation and, where appropriate, measure the effectiveness of each element of the SSMP.</li> <li>◆ Assess the success of the preventive maintenance program.</li> <li>◆ Update program elements, as appropriate, based on monitoring or performance evaluations.</li> <li>◆ Identify and illustrate SSO trends, including the frequency, location, and volume of SSOs.</li> </ul>  | May 2, 2010            |
| SSMP Program Audits                                | <p>The Port shall conduct periodic internal audits to evaluate the effectiveness of the SSMP, and the Port's compliance with the SSMP requirements, including any deficiencies in the SSMP and steps to correct them. At a minimum, these audits must occur every two years and a report must be prepared and kept on file.</p>   | May 2, 2010            |



# **SAN FRANCISCO PORT COMMISSION**

**SEPTEMBER 23, 2008  
MINUTES OF THE MEETING**

DOCUMENTS DEPT.

OCT 23 2008

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## **MEMBERS, PORT COMMISSION**

HON. KIMBERLY BRANDON, PRESIDENT  
HON. RODNEY FONG, VICE PRESIDENT  
HON. MICHAEL HARDEMAN  
HON. ANN LAZARUS  
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR  
AMY QUESADA, COMMISSION SECRETARY**



# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING SEPTEMBER 23, 2008

### 1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:05 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky arrived at 2:15 p.m.

### 2. APPROVAL OF MINUTES - September 9, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The minutes of the September 9, 2008 meeting were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

At 2:05 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.  
*This session is closed to any non-City/Port representative. \**

- a. Property: Pier ½  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Equity Office Partners: Harout Hagopian
- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development





\*Negotiating Parties:

- (1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan
- (2) San Francisco Giants, The Cordish Company, Farallon Capital Management

**5. RECONVENE IN OPEN SESSION**

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

**6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**7. EXECUTIVE**

A. Executive Director's Report: Byron Rhett, Acting Executive Director, indicated that Monique Moyer and Peter Dailey are attending the AAPA Annual Convention in Anchorage, Alaska. Today, Peter Dailey was voted the Chair of the AAPA Cruise Committee. This is the first time that a West Coast port has chaired the committee in a number of years. Mr. Rhett reported the following:

- Star Princess' Arrival at the Port – September 26, 2008 at 8 a.m. Star Princess is 950 feet long and will arrive at the Port's newly expanded and enhanced drydock #2 at the BAE Ship Repair facility at Pier 70 on September 26, 2008. Last year, the Port, Princess Cruises and BAE signed an agreement to undertake a \$5 million enhancement project of drydock #2. The ship will be in drydock for 13 days and is expected to increase revenues to the Port and the BAE by about 6 percent. It is one of the new post-Panamax ships, i.e. ships that are too large to go through the Panama Canal. It will be the first ship that will come to our drydock as part of our agreement. The next ship will be arriving in March 2009. Additionally, there will be two more ships expected to arrive for repairs within the close of this fiscal year. Princess Cruises is part of Carnival Corporation. They generate a million passengers a year worldwide. This is the 40th anniversary of their port



calls to the Port of San Francisco. Cruise ships generate about \$31 million to San Francisco annually and about \$50 million to the Bay Area.

- Whale Boat Race – September 27, 2008 at 9 a.m. in McCovey Cove. The Port of San Francisco has a whaleboat team and will be hosting the 2008 Promenade of Annual Whaleboat Races on September 27, 2008 at McCovey Cove. The best area for viewing of the whaleboat races is China Basin Shoreline Park, adjacent to AT&T or South Beach Harbor Breakwater. The races will begin at 9:00 a.m. and conclude at 11 a.m. At 11:30, there will be festivities at the Mariposa Yacht Club. The four members of the Port's whaleboat team are: David Beaupre, Diane Oshima, Dan Lazzari and Tai Trang.
- Madonna del Lume Blessing of the Fishing Fleet – October 5, 2008. Madonna Del Lume Celebration, also known as Blessing of the Fishing Fleet, was brought to San Francisco in 1935 by Sicilian fishermen and their families, who immigrated here from Porticello, Sicily. The event consists of a High Mass at Sts. Peter & Paul Church in North Beach, followed by a small parade from the church down to Fisherman's Wharf. The Parade, stops for approximately 1 hour (2:00PM to 3:00PM) on Jefferson Street between Taylor and Jones, in front of the Fishing Boat Lagoon. There will be some speeches, singing of the National Anthem and traditional folk songs and then the Priest blesses the fishing fleet.
- Fleet Week – October 10-14, 2008. Fleet Week is our annual opportunity to honor the men and women currently serving in the U.S. and allied armed forces. Fleet Week makes its 28<sup>th</sup> annual appearance on October 10-14, 2008 attracting an estimated one million spectators along the San Francisco waterfront. The highlight of Fleet Week will be the air show. It will take place both Saturday and Sunday. This year, it will feature the Blue Angels and the Canadian Snowbirds. The air show begins at 12:30 and runs until 3:00. The USS Bonhomme Richard, an amphibious assault carrier, the USS Pickney, a guided missile destroyer, and a U.S. Army landing craft will be participating in the Parade of Ships which will take place on Saturday, October 11, 2008 at 11:30 a.m. In addition, there will also be a Fleet Week Festival at Fort Mason on October 11 and 12. Fort Mason Center's free street fair type event celebrates the best of Fleet Week with live music, gourmet food, and drinks. Fleet Week Festival at the Fort is sponsored by the Fort Mason Foundation along with the National Park Service. Details of the event can be found at [www.fleetweek.us](http://www.fleetweek.us).
- Annual Italian Heritage Parade - October 12, 2008. The annual event will take place on October 12 at 12:30 p.m. The parade's grand marshal will be Tommy Lasorda, former manager of the Los Angeles Dodgers. The local businesses will be sponsoring the parade floats. There will be high school marching bands, Italian food and wine at North Beach restaurants. There will be appearances by Bay Area Italian-American celebrities.





- Mayor Gavin Newsom's State of the City Address – October 16, 2008. The Mayor's State of the City Address is scheduled for October 16 but we have not received an announcement from the Mayor's office about the time or place for that presentation. We will keep the Commission informed.
- Shake-Up San Francisco – October 21, 2008 at 12 noon. This is in reference to the first great earthquake that happened in San Francisco 140 years ago in 1868 along the Hayward Fault. It's inevitable that there will be another great earthquake. This is a drill to prepare for the next major earthquake designed to engage local businesses, schools, nonprofits, faith-based organizations, and individuals.
- Results of California Coastal Clean-Up. The Port partnered with the Department of Public Works (DPW) to sponsor a Clean Team event along with the Coastal Clean-Up. The event took place on September 20 from 9 a.m. to 12 noon. The Port and DPW focused on five port locations: Warm Water Cove, Mission Creek, Heron's Head Park, Pier 94 wetlands and Islais Creek. Supervisor Sophie Maxwell and DPW Director Ed Reiskin spoke at the event. Deputy Director of Maintenance, Tom Carter, represented the Port. GreenTrust SF partnered with the Port to plant two areas at Warm Water Cove. Over 2000 pounds of trash was collected with approximately 75 percent of it recyclable. After the clean-up, there was a BBQ lunch with live music. The following restaurants provided the food: the Ramp, Just for You Café, Hard Knox Café, Café Piccino, and Serpentine. He acknowledged our community partners: Transbay Cable, Sheedy Drayage, Harrigan Weigenmuller Properties, and Norcal Waste Systems. Bob Besso, Recycling Manager from Norcal Waste Systems, and Tom Carter were very instrumental during the event.

## 8. FINANCE AND ADMINISTRATION

- A. Informational presentation regarding the status of the Port's implementation of the Recommendations from the Controller's Audit of the Port's Purchasing and Inventory Processes.

Tom Carter, Deputy Director of Maintenance, gave the Commission an update on the Port's progress in implementing the Controller's office audit recommendations. In the summer of 2006, Port staff requested the Controller's office to conduct an audit of the Port's Maintenance Division's purchasing and inventory practices to determine whether the Port had adequate internal control to prevent unauthorized purchases, to determine if it is purchasing items in appropriate prices from the appropriate vendors, and if it maintains an accurate inventory of its materials and supplies. The Controller's office commenced its audit in January 2007 and completed it in February 2008. The final report was issued in March 2008. At the March 11, 2008 Port Commission meeting, he and Peg Stevenson presented the findings from the Controller's office audit. In short, the Controller's office identified 56 recommendations to improve accountability over purchasing,



receiving, and inventory functions. Port staff concurred with all 56 recommendations. We estimated that it would take up to three years to implement the auditor's recommendations, mostly due to the complexity of replacing the Avantis computer maintenance management system. At that meeting, the Port Commission requested an update in six months. Since March, we have distributed seven policy directives. The directives cover purchasing, vendor payments, inventory control, receiving vendor deliveries, charging to appropriate work orders, business property, official use, and inventory listing and signature files for transaction approval responsibility. An all-hands staff meeting was held at Pier 50, attended by him, Finance staff and Monique Moyer to describe and to distribute the policy directives, to review the audit findings and recommendations and to discuss implementing the Controller's recommendations. We formed an executive steering committee that meets bi-weekly to oversee the Port's progress in implementing the audit recommendations. We formed four subcommittees to the executive steering committee that includes staff from all levels of the organization: purchasing committee; payment committee; receiving and materials management committee; and Avantis replacement steering committee. The purchasing committee, payment committee, and the receiving and materials management committee are tasked with working as a team to review existing procedures, to recommend new procedures, and to develop a detailed, written procedure to be distributed and implemented. We are scheduled to implement those procedures within the next 30 days. The Avantis replacement steering committee comprised of Maintenance and IT staff are tasked with identifying and implementing a replacement maintenance management system and identifying feasible interim improvements to the current system. Currently, staff is reviewing a draft request for proposals to hire a consultant to conduct an initial assessment that will identify available vendor software packages to satisfy the Port's requirements that will identify interfaces the Port will need to build between the new system and the existing Port and City systems. They will identify requirements to decommission the existing Avantis system and identify cost, time, and resource estimates to procure and implement the new maintenance management system. Port staff expects to contract with the consultant for these services in the next two months with the initial assessment being completed by January 2009. With that assessment, we anticipate that we'll be able to include findings to implement a new maintenance management system in the Port's Fiscal Year 2009-2010 budget.

A couple other recommendations were implemented regarding accountability issues. At one point, the Pier 50 employee parking and Port vehicles were commingled. Now the lots have been separated so the employees have their own lot and the Port vehicles have their own lot. The Pier 50 storeroom, which had some control issues in terms of access, has been re-keyed and keys distributed only to those folks that need to have them.

The audit also recommended that we install global positioning systems (GPS) in the Port vehicles. The city has put out the bid for the installation of the GPS units. Once those bids come in, we will be able to go further down that path and procure that system.





Mr. Carter acknowledged the hard work of the committee team leaders: John Woo from Finance; George Onyemem from Business Services; David Deasy from Maintenance; and Mark Langan from Information Technologies. He also commended the committee members' and Port staff's level of involvement and commitment for this project. They all worked diligently. They problem-solved and they know that the only way that we're going to get this implemented is to work together as a team and to be committed. He was happy with the efforts made by Port staff.

Mr. Carter indicated that it's going to take three years to implement the Controller's office recommendations, through 2011, primarily because of the procurement and installation of the computerized maintenance management system. We will continue to submit biannual reports, per Commission's request.

## 9. PLANNING & DEVELOPMENT

- A. Request adoption of a resolution urging the Board of Supervisors to accept the offer of a gift from the Copra Crane Labor Landmark Association (CCLLA) to repair and improve the Copra Crane at Pier 84 on Islais Creek. (Resolution No. 08-62)

David Beaupre, Planning & Development, recognized members of the Copra Crane Landmark Association, Friends of Islais Creek, and union representatives that have been working on this project.

The Port has been working with the Copra Crane Labor Landmark Association (CCLLA) since early 2000 to restore the Copra Crane, which is located in Islais Creek on what is known as Pier 84 or at the terminus of Indiana Street on the northern shore of Islais Creek. The Copra Crane is believed to be the last remaining remnant of hand-operated machinery along the waterfront that was operated by the ILWU members of the Carghill Corporation to unload copra, which is dried coconut.

The Copra Crane Labor Landmark Association was formed to restore and save the crane and to eventually honor its historic labor significance and contributions to San Francisco's waterfront history by seeking official landmark designation.

Mr. Beaupre showed some photographs of how the Copra Crane looks today. The crane is recognized by the City's Planning Department and the State Office of Historic Preservation as a historic resource that is eligible for listing on the National Register of Historic Places. The crane stands about five stories high and weighs approximately 16,000 pounds and was last used by Carghill in 1974 to offload copra.

The proposed restoration improvements for the Copra Crane are intended to abate the significant deterioration as witnessed by the condition of the wharf that it sits on and that portion of the wharf that holds the Copra Crane up. The Port has reviewed





the work program and scope and determined that the proposed improvements would be consistent with the Secretary of Interior's standards.

This slide demonstrates the work program that's been developed by the Copra Crane Labor Landmark Association and also has some great images of the Copra Crane and some of the volunteers that work raising funds to restore it; a photograph of ILWU unloading copra; a photograph of a performance that happened in early 2000 of aerial acrobatics off of the Copra Crane.

As you can see from the work program, upon this approval, the Copra Crane Labor Landmark Association and its volunteers will work on developing a plan to lift and move the crane, do structural repairs to the crane, relocate it to either Pier 96 or Pier 70, sandblast and paint the crane, and install the crane on a new platform and eventually, add lighting and historical material on it. This process could take approximately a year to a year-and-a-half through donated materials and services.

The CCLLA will coordinate all work on the Copra Crane and will make certain that the contractors and volunteers doing the work on the crane will have secured an encroachment permit from the Port that will include the release of liability and indemnification and for contractors to provide proof of insurance to do work on the Port. The CCLLA has secured donations from Sheedy Crane for the Copra Crane inspection; Manson Marine to pick up and move the crane; and donations of time and materials for funding of it from various labor unions.

In order for the Port to accept the gift, the City's Administrative Code No. 10.100-305, requires the Board of Supervisors to approve donations in excess of \$10,000. The estimated cost of this donation is approximately \$430,000.

Don Watson, secretary of the CCLLA, indicated that the president of the association is ill and was unable to come to this meeting. They have been working on this project for about 13 years. Archie Green is the genius that got them into this process. Archie is nationally known as an advocate of supporting and honoring labor. It was he that got them together, including the coalition with the Friends of Islais Creek. They have also acquired support from other unions. They received approximately \$4,000 to \$5,000 from locals here in the Bay Area. The Pacific Coast Longshoremens and their division donated \$35,000 to this project. More importantly, the building trades are coming in. It was a coalition not only with community people but also with the building trades and some of the building trades people are here today. They support and agree with what David Beaupre has said.

Derek Green, assistant business manager of International Brotherhood of Electrical Workers, Local 6, and a participant in the CCLLA, indicated that he had the opportunity to read the staff report and the resolution this morning. Local 6 is in favor of this resolution.



Terry Dunnigan, business agent with Iron Workers Local 377, indicated that several of their retired members actually worked on the crane when it was operational back in the day. As you look out the bay, to the other side of the island, there are bridges being built. There is a crane outside the building that is working out in the bay. Cranes are very important. They're part of how they make their living and what they do. This crane has a real significance to them and to the members of the longshore-affiliated unions who use that crane to make their living. He hopes that we could rehabilitate and preserve the crane so kids and people alike can find out that the product they get comes from a ship from far away, not just picking it up from grocery store. He asked for the Commission's support.

Archie Green added a few philosophic words or literary terms. The crane does not only represent hand labor on the waterfront. Copra is one of the first international products that came to the Bay Area right after the Gold Rush in 1850. Ships carried copra from the South Pacific to San Francisco where they were milled and turned into productive oil. That was before people were conscious of cholesterol. Copra was worth its weight. Copra is dried coconut. It's very important that, in San Francisco particularly, we bring together working people, intellectuals, community leaders across ethnic lines, across class lines, and we show that San Francisco doesn't represent far-out ideas. If you listen to Sarah Palin, you'd think that San Francisco was in another planet. We're part of America. We can demonstrate bringing people together and honoring our own traditions that America is more than one language, one culture, one people. We're many people. Through our diversity, we've achieved a form of unity. The crane is one of the symbols, literary and philosophically, it stands for this kind of unity. When you're at Pier 39, there's an abstract, modern stainless-steel statue but no one knows what it stands for. It was dedicated to Erick Hoffer who was a longshoreman, and he would turn over in his grave because he couldn't understand the symmetry of that monument. Just below the Ferry Building there's a gal in a bikini and a little child. He does not know what that represents. All the work on the waterfront are so abstract and so artistic and so representative of high culture. There's nothing on the waterfront today that represents those of who built this building and this waterfront. If the Copra Crane gets saved and gets fixed up, and people coming in from the south on I-280 see that Copra Crane, they'll have some sense of what we're about in San Francisco.

Harry Yaeger, field rep for the Pile Drivers, Divers, Bridge, Dock and Wharf Builders Union, indicated that they are in favor of the preservation of the Copra Crane, because it's extremely important to maintain and preserve our maritime heritage so that our children, our children's children will always be able to see the strong effect that it had on the cultural heritage and growth of San Francisco.

Robin Chiang, Friends of Islais Creek, emphasized how important it is to have this happen now. When people (Archie Greene, Don Watson, Bill Ward, and Julia Viera) first dreamed up this project, it was sponsored by the ILWU retirees. They're still with us but it's been 13 years. People are anxious to get something done. He asked the Commission to support this project.





Commissioner Brandon indicated that it's not often that someone comes to the Port and wants to give us a gift. She thanked the group for their persistence and she looks forward to the ribbon cutting ceremony.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. Resolution No. 08-62 was approved.

## 10. REAL ESTATE

### A. Informational Presentation on demolition of wood frame diner (currently occupied by Tait's at the Wharf) in front of Pier 45, Shed A.

Claudia Davison, Property Manager for the Fisherman's Wharf portfolio, apprised the Commission of the first in a series of steps to implement improvements in the central core of the Fisherman's Wharf to increase pedestrian access to the waterfront, improve facilities and the users' experience, and make way for future improvements, including the Pier 45 drainage, Taylor Street sidewalk widening and roadway improvements, and the park bond promenade between Piers 41 and 45.

The first illustration is a satellite photo of the intersection of Taylor Street and the Embarcadero. The Octagon building, which no longer has the red awnings, is in the center inside of that intersection, with Taylor Street and the famous crab stands on the left. On the north side of the Embarcadero, you'll see a little bluish-colored triangle, which is currently occupied by Tait's at Pier 45, Shed A.

She showed an illustration of the elevation of the current building in front of Pier 45, Shed A, the bay, and the tour boats. People come from far and wide to this famous destination and end up dining on a traffic barrier in the street. We can do better than this. We have a plan illustrated by our landscape architect and senior waterfront planner Dan Hodapp.

She showed a sketch of the Pier 45, Shed A façade, which is at the north end of Taylor Street, and the low-rise public access area in the lower right. This is a plan view of the Pier 45 plaza, which has six picnic benches in front of the eastern end, in front of Shed A. It also has a row of bull rail to protect diners from the traffic. This provides safe and comfortable area for people to eat walk-away food from nearby restaurants and enjoy the waterfront. It also shows the future configuration of the streets and sidewalks after the Taylor Street and promenade improvements are completed.

Diners facing east will enjoy views of the bay and tour boats. Diners facing west will see portions of the Fisherman's and Seaman's Memorial Chapel and the fishing activities near Shed B. This small first step will be a big improvement to Fisherman's Wharf.



Commissioner Fong asked when the demolition will take place. Claudia Davison replied that the tenant's termination notice is effective September 3. We do not want it to sit vacant for any appreciable amount of time. We're scheduling work with Port Maintenance and appropriate vendor contracted through the Department of Public Works. There is no specific date yet but we do want to expedite the process.

## 11. ENGINEERING

- A. Request approval of the Development Plan and Schedule for the Port of San Francisco's Sewer System Management Plan in compliance with the California Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (Water Quality Order No. 2006-0003). (Resolution No. 08-63)

John Mundy indicated that people probably have been reading in the newspapers and hearing on television and the radio about the dire condition of the nation's infrastructure. The sewers, the water pipes, the utility lines are part of that problem, just like the roads and highways are.

People who live in Marin County may be aware that recently the South Marin Sewer Agency was fined \$1.5 million by the State Water Resources Control Board for continuing discharges of raw sewage to the bay. The State Water Resources Control Board see the discharge of raw sewage to the bay as a problem, and they see the condition of local governments' sewer lines and sewer collection systems as a problem. That is sort of the justification and the genesis of a new set of regulatory requirements that apply to the Port's sewer system. These requirements are associated with Water Quality Order No. 2006-0003. That order requires all local agencies that control greater than one linear mile of sanitary sewer to develop a plan to manage sewer in a way that minimizes discharges of raw sewage either to streets and upland areas, but also in the specific case of the Port, the bay.

The Port is a unique agency. When folks look at the city of San Francisco, they probably think the Public Utilities Commission (PUC) is responsible for our sewers. PUC does have sewers within Port jurisdiction but they do not own all of the sewers in Port jurisdiction. We actually have a lot of our own sewers, including sewers that run underneath piers. So if one of those sewers leak, we have raw sewage going directly into the bay. If one of the sewers leak in Fisherman's Wharf, we have raw sewage going directly into the bay that might impact swimmers at Aquatic Park. So the Port has a set of concerns and we need to address those concerns.

The Water Quality Order outlines a set of provisions. If we develop and implement those provisions, we will be doing the right thing in terms of maintaining our infrastructure and protecting public health. The first requirement is if we have a discharge of raw sewage, we are required to report it to regulating agencies. This includes the Office of Emergency Services, the San Francisco Department of Public Health, and the Regional Water Quality Control Board. After we've reported the spill, we're required to take immediate action to control and to mitigate that spill.





Most often that involves repairing the sewer line. It also, in certain cases, involves making sure that the public is notified that the spill has occurred. As mentioned earlier, if the spill occurs at Fisherman's Wharf, we have to make sure that swimmers at Aquatic Park are made aware and that, as necessary, we institute beach closures and monitoring of the waters to ensure protection of public health.

The second requirement is for staff to develop a Sanitary Sewer Management Plan. The requirements for the management plan are fairly prescriptive. They list about eight or nine requirements that we need to flesh out in terms of describing our system, what the Operation & Maintenance practices are, what legal authority we have within our jurisdiction over our tenants to make sure that they maintain and repair the sewer lines; do we have an operations and maintenance program that ensures that our sewers are kept in good repair.

During the next two years, staff will be working inter-divisionally and inter-departmentally with the Department of Public Health and PUC to flesh out this program. Once the program is complete, we will be doing a more detailed presentation to the Commission then we'll seek approval from the State. He asked the Commission approval of the resolution so staff can move forward in developing the plan.

ACTION: Commissioner Fong moved approval; Commissioner Lazarus seconded the motion. Resolution No. 08-63 was approved.

## **12. NEW BUSINESS / AGENDA SETTING**

Mr. Rhett indicated that there are 14 items that will be potentially brought to the Commission between now and the end of the calendar year. He noted that at this point there are only two items for the October 14 meeting. Staff is working on other matters that might be added to the agenda.

## **13. PUBLIC COMMENT**

## **14. COMMUNICATIONS**

## **15. ADJOURNMENT**

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Kimberly Brandon adjourned the meeting at 4:02 p.m.







## NOTICE OF CANCELLED MEETING

The following Regular Port Commission Meeting has been CANCELLED:

**OCTOBER 14, 2008**

The Next Port Commission meeting is scheduled on:

**TUESDAY, OCTOBER 28, 2008**

Port Commission Hearing Room  
Second Floor, Ferry Building

San Francisco Port Commission  
Pier 1, San Francisco, CA 94111  
(415) 274-0406

DOCUMENTS DEPT.

OCT - 2 2008

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# SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President  
Rodney Fong, Vice President  
Michael Hardeman, Commissioner  
Ann Lazarus, Commissioner  
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director  
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary  
Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA

**TUESDAY, OCTOBER 28, 2008**

**2:00 P.M. CLOSED SESSION**

**3:15 P.M. OPEN SESSION**

**PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO, CA 94111**

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk.*

*If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.*

**1. CALL TO ORDER / ROLL CALL**

10-23-08P03:11 RCVD

**2. APPROVAL OF MINUTES - September 23, 2008**

DOCUMENTS DEPT.

**3. PUBLIC COMMENT ON EXECUTIVE SESSION**

OCT 23 2008

**4. EXECUTIVE SESSION**

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A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

**This session is closed to any non-City/Port representative.\***

a. Property: Pier 24 Annex

Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate

\*Pilara Family Foundation: Andy Pilara





Under Negotiation: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment ☒ Both  
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 24 Annex.

- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

\*Negotiating Parties:

- (1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan  
(2) San Francisco Giants, The Cordish Company, Farallon Capital Management

Under Negotiations: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment ☒ Both  
The Commission found the non-Port parties identified above qualified based on their responses to a request for qualifications for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48, and selected both of them to be invited to respond to a request for proposals for the lease and development of the properties. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the competitive process now underway.

## **5. RECONVENE IN OPEN SESSION**

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## **6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## **7. EXECUTIVE**

- A. Executive Director's Report
- Fleet Week Festivities – October 10-13, 2008
  - Breakbulk Conference – October 14-16, 2008 in New Orleans
  - Halloween Event at SWL 337 and Terry Francois Blvd. – October 31, 2008



- National Forum for Black Public Administrators 5<sup>th</sup> Annual Bay Area Achievers Dinner - Commissioner Kimberly Brandon, Honoree – November 6, 2008 at the Hilton Oakland Airport Hotel
- San Francisco Police Department's Youth Fishing Program 40<sup>th</sup> Anniversary Celebration - November 8, 2008 at the Aquarium of the Bay

## **8. CONSENT**

- A. Request approval of License No. 14544, including the waiver of fees, between the Port and Literacy for Environmental Justice to allow grant-funded habitat enhancement at Heron's Head Park. (Resolution No. 08-64)
- B. Request authorization to enter into a Four-Year Contract with the San Francisco Conservation Corps (SFCC) for the Port's Youth Employment Program in the total amount of \$800,000, subject to annual funding appropriations of \$200,000. (Resolution No. 08-65)
- C. Request authorization to execute contract modification to Construction Contract No. 2706 with Dutra Dredging Company for Maintenance Dredging Work that increases the contract amount by \$3,245,388 for a total contract amount of \$9,066,938. (Resolution No. 08-66)
- D. Request authorization to accept and expend \$15,000 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront. (Resolution No. 08-67)

## **9. FINANCE AND ADMINISTRATION**

- A. Request approval of the Port's Parking Meter Pricing Rates and Time Limit Ranges. (Resolution No. 08-68)
- B. Informational Presentation on the Port's Contracting Activity Quarterly Report - Fiscal Year 20028/09; 1st Quarter Period July 1, 2008 through September 30, 2008.

## **10. REAL ESTATE**

- A. Request approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for Premises Located at Pier 17, and subject to Board of Supervisors' approval (Resolution No. 08-69); and Request approval of a Month-to-Month License No. 14604 for Temporary Retail Sales at a Separate Premises at Pier 17. (Resolution No. 08-70)

## **11. PLANNING & DEVELOPMENT**

- A. Information Presentation on Cruise Terminal Site Planning at Pier 27 (Site Location: The Embarcadero and Battery Street).





B. Informational Presentation on Southern Waterfront Planning and Leasing Update.

**12. NEW BUSINESS / AGENDA SETTING**

- ◆ New Business
- ◆ Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational Presentation regarding approval of Lease No. L-14581 with D & G Company LLC, d.b.a. Lou's at Pier 47 for a term of 20 Years for a Restaurant Site at 300 Jefferson Street (November 18, 2008)
  - Informational Presentation by Port Staff and Respondent Development Teams for the 2/3 Acre Mixed-Use Development Opportunity at Seawall Lot 351 (Embarcadero at Washington) (November 18, 2008)
  - Request authorization to award a contract for professional engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38 (November 18, 2008)
  - Request approval of a one-year berthing agreement and lease with four one-year options with California Sealift Terminals, Inc. to layberth three vessels (Pier 50 and Pier 96) belonging to the U.S. Maritime Administration (November 18, 2008)
  - Request approval of early termination of Lease # L-14156 with San Francisco International Children's Games, 2008 for 273 square feet of office space at Suite 212 in the Agriculture Building (November 18, 2008)
  - Informational Presentation regarding Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (December 9, 2008)
  - Request authorization to award a contract for professional financial advisory services (December 9, 2008)
  - Request approval of Prop 40 Clean Beaches Initiative pass-through grant funds in the amount of \$72,132 to San Francisco State University "SF Rocks" Program to provide water quality monitoring in support of Pier 45 Drainage Improvements Project (December 9, 2008)
  - Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for Solar Panels installation on the Lighter Freight Facility at Pier 96 (January 13, 2009)
  - Request authorization to award Pier 45 drainage improvements project (January 13, 2009)
  - Informational presentation regarding the status of the Port's implementation of the Recommendations from the Controller's Audit of the Port's Purchasing and Inventory Processes (February 2009)
  - Informational presentation regarding proposed Interim Leasing Policy in Historic Structures (Date to be determined)
  - Informational Presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (Date to be determined)
  - Informational Presentation of Development Proposals for Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and Terry





Francois Boulevard, in response to the SWL 337 Development Request for Proposals (Date to be determined)

- Request authorization to award a contract for Brownfields Environmental Investigation for Pier 70 (Date to be determined)
- Request authorization to award the Seawall Lot 351 Development Opportunity (Embarcadero at Washington) (Date to be determined)
- Request approval of Tripartite Agreement among Port, Baydelta Maritime, Inc. and the Exploratorium regarding relocation of Baydelta from Pier 15 to Pier 17 as part of the Exploratorium's Historic Rehabilitation Project at Piers 15/17, located on the Embarcadero at Green Street, and Request approval of Lease No. L-14605 with Baydelta Maritime, Inc. for premises located at Pier 17 (Date to be determined)

### **13. PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

### **14. COMMUNICATIONS**

Communications to the Port Commission from September 19, to October 8, 2008:

- From Jack Bair, San Francisco Giants, and Jay Wallace, Kenwood Investments, regarding SWL 337 and Pier 48
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice Newsletter
- From Richard Fried, Farallon Capital Management, regarding agency lease notice
- From Maury Polse, Dixie Charters, regarding appeal for help

### **15. ADJOURNMENT**



**NOVEMBER/DECEMBER 2008**  
**CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC**

| <b>Date</b> | <b>Time</b>      | <b>Group</b>                   | <b>Location</b>      |
|-------------|------------------|--------------------------------|----------------------|
| November 18 | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|             | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |
| December 9  | <u>2:00 p.m.</u> | Closed Session/Port Commission | Port Commission Room |
|             | <u>3:15 p.m.</u> | Open Session                   | @ Ferry Building     |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. *The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com).* Contact Amy Quesada at 274-0406.

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or [michael.nerney@sfport.com](mailto:michael.nerney@sfport.com)

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or [jennifer.sobol@sfport.com](mailto:jennifer.sobol@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or [mark.pacz@sfport.com](mailto:mark.pacz@sfport.com)

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or [dan.hodapp@sfport.com](mailto:dan.hodapp@sfport.com)





## ACCESSIBLE MEETING INFORMATION

### **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

### **PIER 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.



### **Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

### **Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

## **NOTICES**

### **Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

### **Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).







## MEMORANDUM

October 17, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique A. Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Request approval of License No. 14544, including the waiver of fees, between the Port and Literacy for Environmental Justice to allow grant-funded habitat enhancement at Heron's Head Park

**DIRECTOR'S RECOMMENDATION:** Approve Resolution

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### BACKGROUND

Over the past 10 years, since the Port completed the construction that converted "Pier 98," the landfill, into Heron's Head Park (HHP), community participation has been an essential contributor to the health and vitality of the park. One of the Port's goals has been to actively promote community involvement at HHP and to help local schools take advantage of the hands-on educational experience that HHP offers. Since HHP opened in 1998, the Port has supported education and public participation programs thereby hiring students (1998-2000), temporary staff (2000-2001) and since 2001, contracting with Literacy for Environmental Justice (LEJ) to provide such programs.

Under contract to the Port, LEJ leads public participation and education programs that serve thousands of students, visitors and volunteers at HHP each year. HHP serves as a venue for activities organized by LEJ, ranging from short field trips for pre-schoolers, to organized walks and bird-watching with a local elders' club, to independent study of wetland ecology by university students. In the past year alone 28 schools, colleges and youth organizations have participated in education programs at HHP. During the summer, public programs serve community organizations seeking activities for children and youth such as the local Boys and Girls' clubs, YMCA and other local organizations. While the public programs fill a need for educational and recreational opportunities in the community, public involvement brings great

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value to the park in return: Students and adults participating in public programs have contributed many thousands of hours of work to maintain and enhance the park and wetlands. The Port's contract with LEJ also includes grant-funded habitat enhancement work, specifically revegetation of the wetland/upland transition zone with indigenous species, funded by a grant to the Port from the San Francisco Bay Natural Resources Restoration Fund (administered by the National Fish and Wildlife Foundation). LEJ recently secured funding to hire an additional full-time staff educator for one year to support the education programs at Heron's Head Park, providing significant additional staffing and capacity at no additional cost to the Port.

Above and beyond its work under contract to the Port, LEJ recently obtained a grant from the California State Coastal Conservancy (Conservancy) to do additional habitat enhancement and monitoring. Over the next three years, LEJ's grant from the Conservancy will support LEJ staff and volunteers' work at HHP: controlling invasive plants, improving the soil quality in the upland areas, and additional plantings in the transition zone. LEJ's work will improve habitat for birds and small animals at HHP by building brush piles for shelter, creating different elevations within the wetland marsh plain to promote migratory bird nesting and out-planting specific species to attract pollinating birds and insects. LEJ will also be evaluating ecological functions at HHP to inform on-going management of the park, including monitoring native and non-native plant and animal communities, tracking seasonal, tidal and storm impacts to determine trends in shoreline erosion, and conducting seasonal bird population surveys.

The grant from the Conservancy to LEJ for improvements to the habitat value of HHP reflects both organizations' commitment to stewardship of the site, and a willingness of a broader community, beyond the Port, to contribute to the long-term care of HHP. The Conservancy's grant and LEJ's proposed work bring value to the Port's property and reflect exactly the kind of community-based stewardship that we would hope for at HHP. In connection with this grant to support public programs and stewardship of HHP, the Conservancy has proposed that it and the Port should document, in a letter signed by the executive directors of both agencies, the Conservancy's and Port's intention that if LEJ does not complete the 3-year work program, then the Coastal Conservancy would have the right to select a new grantee to complete the work, and the Port would allow a new grantee access to its property to complete the work, subject to such grantee's ability and willingness to meet the conditions of the Port's license. To facilitate the Conservancy's and LEJ's efforts to fund ongoing public participation in the care of Heron's Head Park, Port staff recommends that the Port agree to the Conservancy's proposal.

The proposed license to LEJ would authorize its activities and use of the park without fees and consequently deviates from applicable parameters and requires Port Commission approval.

#### **PROPOSED TERMS FOR LICENSE NO. 14544**

License Area: Approximately 988,370 square feet of Port property that comprises Heron's Head Park, as illustrated in Exhibit A.

Permitted Use: The Permitted Use shall be for implementation of LEJ's work program, approved and funded by the Conservancy and described further in Exhibit B to the License. The License Area will remain fully accessible to the public. All persons implementing and maintaining habitat enhancements or conducting other activities in the grant-funded work



program, and all property and equipment used or placed therein are presumed to be with the express authorization of Licensee. Licensee assumes all responsibility for the safety of all persons and property on the License Area pursuant to this License.

**Term:** From the Commencement Date (October 1, 2008) until the termination or expiration in 2012.

**License Fee:** Since the Licensee will not be generating income from the use of the License Area, and will implant and maintain habitat enhancements for the benefit of the public, the Port shall waive the License Fee. However, if at any time during the Term of this License, Licensee or its assignees generate revenue from the use of the License Area, Licensee shall pay the Port License Fees in accordance with the Port's annual Rental Rate Schedule, including late charges.

**Security Deposit:** The Port shall waive the Security Deposit.

**Maintenance & Repair:** Licensee shall at all times, and at its sole cost and expense, maintain and repair in good and working order, the License Area and all improvements and alterations authorized by the License. Port shall not be obligated to make any repairs, replacement or renewals of any kind, nor to any improvements or alterations now or in the future. In the event that Licensee, its agents or invitees cause any damage (excepting ordinary wear and tear) to the License Area, Port may repair the same at Licensee's expense and Licensee shall immediately reimburse Port.

**Other New/Updated License Provisions:**

The License will include all City Requirements now in effect and all current standard license provisions relating to security deposits, licensee defaults, updated insurance requirements, and hazardous materials, among others.

**RECOMMENDATION**

This License with LEJ is a non-exclusive license that contributes to the Port's public access and natural resources enhancement missions under the public trust. Port staff recommends approval of License No. 14544 between the Port and LEJ.

**Prepared by:** Carol Bach, Environmental & Regulatory Affairs Manager,  
Planning & Development Division  
and  
Vicky Lee, Commercial Property Manager,  
Real Estate Division

**For:** Susan Reynolds, Deputy Director of Real Estate





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-64**

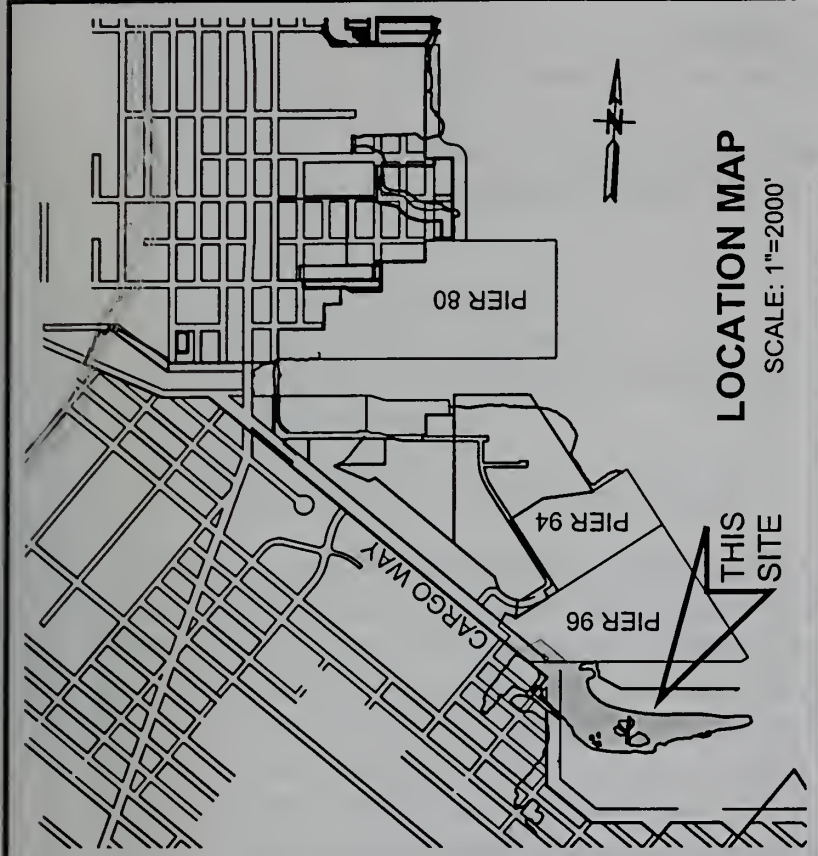
- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The Port operates and maintains wetland habitat and public access improvements at Heron's Head Park, and contracts with Literacy for Environmental Justice (LEJ) to conduct education and public participation programs that contribute to the operation and maintenance of Heron's Head Park; and
- WHEREAS, LEJ has obtained a grant from the California State Coastal Conservancy to implement certain additional habitat enhancement and public participation programs, and monitor ecological functions at Heron's Head Park; and
- WHEREAS, The Port and LEJ have negotiated License No. 14544, authorizing LEJ to implement the work funded by the State Coastal Conservancy at Heron's Head Park under the terms described in the staff report; now, therefore, be it
- RESOLVED, that the Port Commission hereby consents to License No. 14544 with LEJ for habitat enhancement and monitoring at Heron's Head Park; and be it further
- RESOLVED, that the Executive Director or her designee is hereby authorized to execute all such appropriate documentation, including co-signing a letter with the State Coastal Conservancy, as she deems necessary or appropriate to implement this Resolution in a form approved by the City Attorney's office, such determination to be conclusively evidenced by the execution and delivery by the Executive Director, or her designee, of any such document; and be it further
- RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or modifications to the License that the Executive Director, in consultations with the City Attorney determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the License, and any such amendments thereto.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2008.*

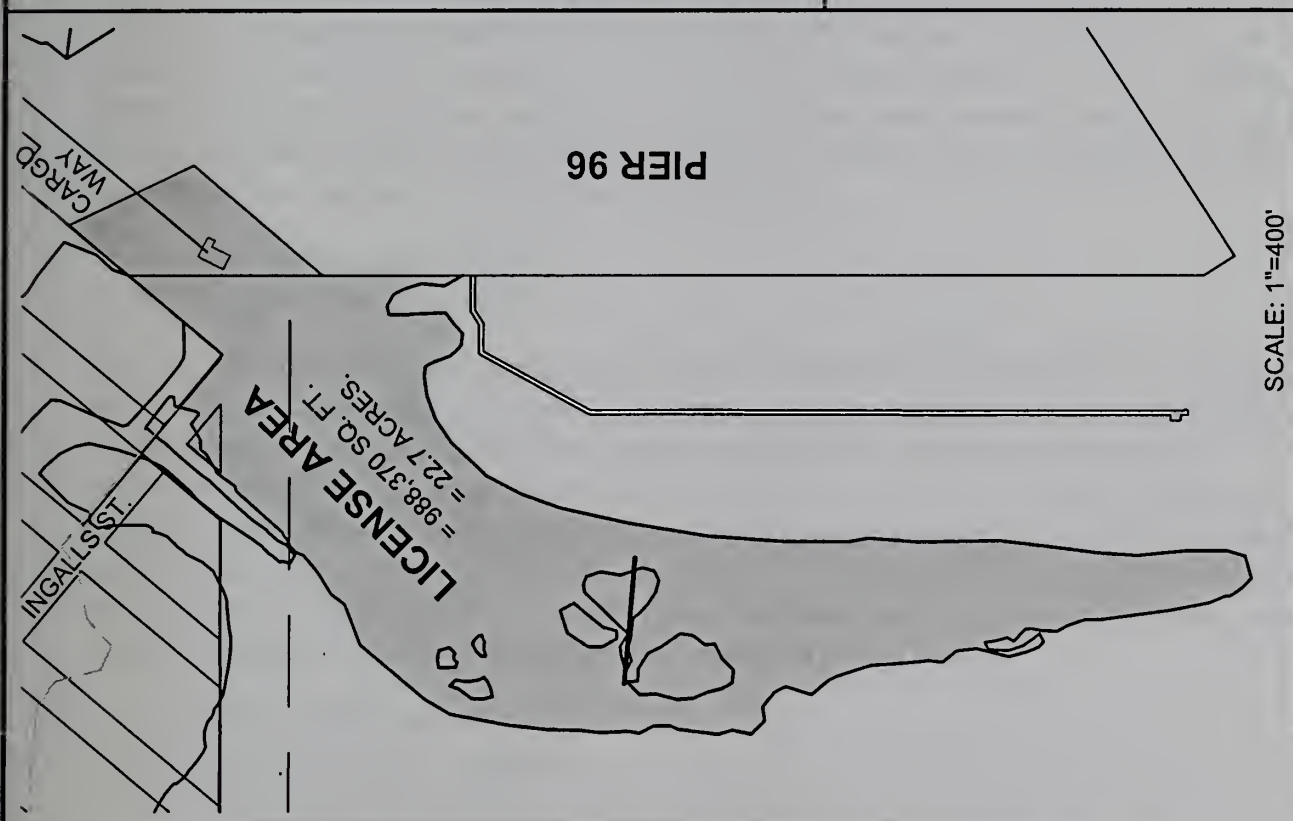
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Secretary





LEJ LICENSE AREA  
AT HERON'S HEAD PARK  
AREA = 988,370 SQ. FT.



INITIALS: \_\_\_\_\_ PORT: \_\_\_\_\_ TENANT: \_\_\_\_\_ DATE: \_\_\_\_\_

|                             |                   |
|-----------------------------|-------------------|
| DRAWN BY: EDC, AMN          | DATE: 03 SEP 2008 |
| CHECKED BY: C. BACH         | SCALE: AS SHOWN   |
| FACILITY IDENTIFICATION NO. | SHEET NO. 1       |
| 1980-LAND 1-1               | OF 3 SHEETS       |

**LITERACY FOR  
ENVIRONMENTAL JUSTICE**

TENANT  
SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

LICENSE NO.  
**14544**





Exhibit B  
State Coastal Conservancy Work Program

LITERACY FOR ENVIRONMENTAL JUSTICE  
HERON'S HEAD PARK WORKPLAN

1. Invasive plant removal
2. California Native outplanting
3. Mulching soil and substrate amendments
4. Building brushpiles
5. Control erosion
6. Collect and process native plant seeds

We have divided the Park into ecosystem transects, and apply needed seasonal stewardship to these areas. Over the coming 3 years, our restoration and enhancement work will include controlling invasives, improving the soil quality in the upland areas, and re-vegetation and monitoring of the transitional zone. Our work to improve habitat for HHP's native animal populations includes building brush piles, creating different elevations within the wetland marsh plain to promote migratory bird nesting, and out-planting specific species to attract pollinating birds and insects. We will increase and raise areas within the wetland plain to increase nesting migratory bird populations during the breeding season, as well as increasing the habitat value of HHP by out-planting various native plant species in the upland, transitional zone, and wetland habitats. Not only do these plantings provide a buffer zone between the water and *terra firma*, they also provide habitat for the marine invertebrates and vertebrates sought by waterfowl and migratory bird species as food sources.

7. Monitor migratory birds
8. Monitor seasonal plants

To promote successful stewardship of Heron's Head Park and improve its ecological functions, we are applying the methodology of *adaptive restoration*. Methods include monitoring and surveying the Park's native and non-native plant and animal communities; tracking major seasonal, tidal and storm events to illustrate trends of erosion on the wetland paths and rocky shoreline; detailed logging of daily stewardship activities; and the creation of a Park Master Plan. Our seasonal bird population surveys provide critical input in the process of preserving and restoring existing habitat and enhancing new habitat for waterfowl and migratory bird species.

9. Conduct schools outreach
10. Conduct classroom sessions
11. Conduct summer youth program sessions

Under its contract with the Port of San Francisco, LEJ provides free, hands-on K-12 environmental educational programs to approximately 1,200 students annually at HHP,





as well as paid youth internships in environmental education and open space restoration. Our programs draw concrete linkages between human health, the environment, and urban quality of life. Although we concentrate resources on our underserved District 10 neighborhood, schools and youth organizations from throughout the Bay Area have benefited from our programs. In the past year alone 28 schools, colleges and youth organizations have participated in our HHP educational programming. Educational programs begin with a pre-trip classroom visit by the HHP Manager and Educator, followed by a park tour, a stewardship action project, and final program evaluation. We have hands-on activities to help students bridge the gap between the urban and natural environments, including water quality testing, soil monitoring and analysis, migratory bird surveying, native plant surveying, marine invertebrate diversity and distribution studies, and wetland and transitional zone ecology.

#### 12. Develop/implement outreach plan

LEJ already works with thousands of students and community volunteers every year to achieve our stewardship at the Park. However, because of the increased visibility which the EcoCenter will bring to Heron's Head, we are expanding our plans for community outreach by hiring a consultant. In addition, we will host monthly volunteer community workdays, promoted through flyers, newsletters, public events, and notices on volunteer list serves and partner organization websites; and we will actively seek out opportunities to exchange our volunteers with other Bay Area restoration sites to promote awareness and visibility of HHP.

#### 13. Train interns in park stewardship

#### 14. Youth act as docents for EcoCenter

In addition to our classroom programs, LEJ provides training to older teens from the Bayview through our internship programs. Youth interns worked with the planning firm Urban Ecology to lead a community design process for the native landscaping around the EcoCenter, and are currently training at LEJ's native plants nursery, conducting monthly HHP restoration projects, and will assist with the installation of the landscape at the EcoCenter. Ultimately the youth will become paid resident naturalists at the EcoCenter, providing peer to peer, and youth to community, interpretive programming. This initiative represents the first effort to involve youth directly in facilitating environmental education along the southern shoreline.

#### 15. Develop and oversee park plans

#### 16. Report to funders and stakeholders

Throughout the term of the project, LEJ executive and program staff will ensure sound program design and timely deliverables to funders and key stakeholders.



**LITERACY FOR ENVIRONMENTAL JUSTICE**

**KEY:**

- 1 Invasive plant removal
- 2 California Native outplanting
- 3 Mulching soil & substrate amendments
- 4 Building brushpiles
- 5 Control erosion
- 6 Collect & process native plant seeds
- 7 Monitor migratory birds
- 8 Monitor seasonal plants
- 9 Conduct schools outreach
- 10 Conduct classroom sessions
- 11 Conduct summer youth program sessions
- 12 Develop/implement outreach plan
- 13 Train interns in park stewardship
- 14 Youth act as docents for EcoCenter
- 15 Develop & oversee park plans
- 16 Report to funders & stakeholders

[illegible]





[illegible]





## MEMORANDUM

October 21, 2008

**TO: MEMBERS, PORT COMMISSION**

Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique A. Moyer  
Executive Director

**SUBJECT:** Request authorization to enter into a Four-Year Contract with the San Francisco Conservation Corps (SFCC) for the Port's Youth Employment Program in the total amount of \$800,000 subject to annual funding appropriations of \$200,000

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### Introduction

The Port staff requests Commission authorization to award a contract to the San Francisco Conservation Corps ("SFCC"), a community-based non-profit organization. Under the proposed contract, SFCC will manage the Port's youth employment program to help maintain the Port's property, for a term of four years, depending on the availability of funds.

### Background

On April 22, 2008, the Port Commission adopted Resolution 08-23, authorizing Port staff to issue a Request for Proposals ("RFP") to organize, implement, and administer a youth employment program to help maintain the Port's property. Maintenance activities would include weed abatement, hand watering and manual fertilization of Port plants, graffiti removal, and litter removal. The selected contractor will recruit, hire, provide work readiness training, and supervision for the youth employees. Port staff will assign to the Contractor specific Port areas to maintain. Port staff will inspect the areas to determine performance levels and consult with the Contractor to assure acceptable service performance levels are maintained. Port staff will provide the contractor with the supplies used by the youth employees such as vests, hats, bags, and brooms. SFCC will send monthly reports to the Mayor's Office of Economic and Workforce Development (MOEWD) related to participant demographics and program outcomes.

### Selection Process

The Port issued the RFP on July 22, 2008. Port staff sent announcements of the RFP to twenty-six (26) non-profit organizations or firms recommended by the San Francisco Human Rights

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Commission as certified Local Business Enterprises providing services solicited in the RFP. The RFP was posted on the Port's and Office of Contract Administration's websites. Three firms signed in for a pre-proposal conference held on August 6, 2008. Immediately following the pre-proposal conference, another effort was made to contact all of the firms previously contacted to ascertain interest in the RFP. On August 20, 2008 staff received proposals from two non-profit organizations: Larkin Street Youth Services and the San Francisco Conservation Corps.

A three-person selection panel consisting of Tom Willis, Equal Employment Opportunity Manager from the City's General Services Agency ("GSA"), Dan Lazzari, the Port's Youth Employment contract liaison/Chief Stationary Engineer, and Steve Currie, Workforce Policy Specialist from MOEWD scored the proposals and interviewed the two candidate organizations on September 4, 2008. Panelists ranked the organizations based on the qualifications of program staff, understanding of the Port's proposed youth employment program, the organization's recent youth employment program experience, workload and staff availability, outreach approach to identify economically disadvantaged and/or at-risk youth, and the organization's policies to manage problem behavior.

Using both the proposal and interview scores, SFCC received the highest score of 88.2 out of a possible score of 100. Larkin Street Youth Services ranked number two with a total score of 80 out of a possible score of 100. Accordingly, the panel recommended awarding the contract to SFCC. However, during discussions with the panel and subsequent discussions with Port and SFCC staff, it became clear that the Port's and City's programmatic objectives of serving youth between the ages of 16 and 18 would be best served if SFCC teamed with Larkin Street Youth Services. SFCC serves youth adults between 18 and 24 years old. In addition, Larkin Street Youth Services provides more comprehensive support services to youth. Thus, SFCC proposed to sub-contract 20% of the Port's Youth Employment contract to Larkin Street Youth Services. Port staff concur with the selection panel and SFCC's recommendation.

#### **Contract Value, Funding, and Duration**

The Port's FY 2008-09 budget includes \$200,000 for a youth employment program. In accordance with the terms of the RFP, Port staff proposes to award a four-year contract to SFCC. The proposed contract term is November 1, 2008 to June 30, 2013. The scope of services provided after FY 2008-09 will be determined in accordance with the amount of funds available in subsequent operating budgets, with a total contract value not-to-exceed \$800,000 (\$200,000/year for four years).

#### **Summary**

Port staff recommends that the Commission authorize the award of a contract to the San Francisco Conservation Corps, with a four-year term, to organize, implement, and administer a youth employment program (for youth aged 16-24) to help maintain the Port's property, with a not-to-exceed value of \$200,000 annually and \$800,000 during the contract term of four years.

Prepared by: Tina Olson, Deputy Director, Finance and Administration  
and Norma Nelson, Contract Manager





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-65**

- WHEREAS, the Port Commission, at its regular meeting of April 22, 2008, under Resolution No. 08-23, authorized Port staff to issue a Request for Proposals to organize, implement, and administer a youth employment program to help maintain the Port's property; and
- WHEREAS, The Port's, and the City and County of San Francisco's, programmatic objectives are to serve youth as young as 16 years old; and
- WHEREAS, on August 20, 2008, the Port received two proposals in response to the Request for Proposals ("RFP"); and
- WHEREAS, Port staff completed a review of the RFP responses and a competitive selection process resulting in a recommendation that the Port award a contract to the highest-ranked respondent, San Francisco Conservation Corps, a non-profit organization under Section 501(c)(3) of the Internal Revenue Code serving youth between the ages of 18 and 24 years old; and
- WHEREAS, the San Francisco Conservation Corps intends to subcontract 20% of the contract to Larkin Street Youth Services who serve youth between the ages of 16 and 18 years old; and
- WHEREAS, the Port has allocated \$200,000 from its operating budget for Fiscal Year 2008-09 to fund this program; and
- WHEREAS, the Port may allocate funds in subsequent years to continue the youth employment program; now, therefore be it
- RESOLVED, that the Port Commission hereby authorizes award of a contract to the San Francisco Conservation Corps in the amount not to exceed \$800,000, subject to annual appropriations of \$200,000, to provide, organize, implement, and administer a youth employment program to help maintain the Port's property for a maximum contract term of four years.

*I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2008.*

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Secretary





## MEMORANDUM

October 22, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Authorization to Execute Contract Modification to Construction Contract No. 2706 with Dutra Dredging Company, for Maintenance Dredging Work, that increases the contract amount by \$3,245,388 for a Total Contract Amount of \$9,066,938, and authorization, if needed for additional contingencies, to increase total Contract Amount by an additional \$425,412 (5% of total contract amount).

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution

### INTRODUCTION

Port staff requests that the Commission authorize staff to execute a contract modification to increase the amount of construction Contract No. 2706, Maintenance Dredging, with Dutra Dredging Company. The contract provides for dredging at sites on the San Francisco waterfront from 2006 through 2010. The increase in contract price is necessary to continue dredging activities and to maintain the depths required by vessels that support the Port's maritime business.

### BACKGROUND

The Port Commission, at its meeting on February 14, 2006, authorized staff to award the Maintenance Dredging contract (Port Commission Resolution 06-09) to Dutra Dredging Company. The Maintenance Dredging Project, Contract No. 2706, covers a five-year period and consists of ten separate dredging events having a total bid price of \$15,658,010. At the time of bid solicitation, staff recognized that available funds were not sufficient to award a contract for the entire quantity of estimated dredge material for the five year period. Therefore, with Dutra's concurrence, the contract was awarded for an initial amount of \$2,800,000, recognizing that additional funding up to the total bid price could be added to the contract as funds became

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available. On June 12, 2007, the Port Commission authorized the first contract modification to increase the contract price by \$3,021,550 (Resolution 07-42.) Currently the authorized contract amount of \$5,821,550 has a remaining balance of \$404,612.

Piers 35 East and West and Pier 27 are scheduled for dredging between October and November of 2008. Pier 35 East and West is scheduled to be dredged again in early to mid-2009 because of silt build-up. The remaining contract funds are insufficient for these upcoming dredging events. However, additional funding is available in the Port's FY 2008-09 Capital Plan to accomplish dredging at these sites.

### FUNDING AND BUDGET

The Summary below shows the contract funding to date, cost incurred to date, new funding to be provided through contract modification, new contract maximum amount and the estimate for the upcoming dredging events:

|   |                      |
|---|----------------------|
| <b>Contract Amount Authorized to date (Initial Amt + Mod 1)</b> | <b>\$5,821,550</b>   |
| Contract Amount Expended to date                                | <u>(\$5,416,938)</u> |
| Current Contract Balance (encumbered)                           | \$404,612            |
| <br>Additional Funding and Sources                              |                      |
| CPO 625-15  | \$2,670,800          |
| CPO 625-16  | <u>\$1,000,000</u>   |
| Total Additional Funding  | \$3,670,800          |
| <br>Additional Funding to be Applied as Follows:                |                      |
| Contract Modification #2  | \$3,245,388          |
| Contingency (5% of contract total)                              | <u>\$425,412</u>     |
|   | \$3,670,800          |
| <br><b>Total New Contract Amount Authorized</b>                 | <b>\$9,066,938</b>   |
| <b>Total New Contract Balance</b>                               | <b>\$3,650,000</b>   |
| New Contingency   | \$425,412            |
| <b>New Contract Balance + Contingency</b>                       | <b>\$4,075,412</b>   |

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### Projected Contract Costs

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|   |                    |
|---|--------------------|
| Estimated Cost of Dredging Events in 2008       |                    |
| Piers 35 East and West                          | \$1,400,000        |
| Pier 27   | \$700,000          |
| Estimated Cost of Dredging Events in 2009       |                    |
| Piers 35 East and West                          | \$1,400,000        |
| Dredging Surveys 2008-2009                      | <u>\$150,000</u>   |
| <b>Total estimate for dredging in 2008/2009</b> | <b>\$3,650,000</b> |
| <br>5% contract contingency                     | <u>\$425,412</u>   |
| <br><b>Total Dredging + contingency</b>         | <b>\$4,075,412</b> |



## SUMMARY

Staff recommends that the Port Commission authorize the execution of a contract modification to increase the contract amount of Contract No. 2706 by the sum of \$3,245,388, resulting in a new contract amount of \$9,066,938. Additionally, staff recommends that the Port Commission authorize to increase the contract amount, if needed for additional contingencies, by an additional \$425,412 (5% of total contract amount) through contract modification or change order. This increase in contract amount is required to fund the Port's FY 2008-09 dredging projects which will maintain operation of several berths critical to the Port's maritime operations.

Prepared by: Jay Ach  
Maritime Project Manager

For: Edward F. Byrne  
Chief Harbor Engineer



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 08-66**

- WHEREAS, The Port Commission, at its meeting on February 8, 2006, adopted Resolution No. 06-09, authorizing staff to award the Maintenance Dredging Project, Contract No. 2706 to Dutra Dredging Company in the initial amount of \$2,800,000, representing the available funding at the time; and
- WHEREAS, The Maintenance Dredging Project, Contract No. 2706, has a five-year term, consisting of ten dredging events, and Dutra Dredging Company's bid price is \$15,658,010; and
- WHEREAS, In June 2007, the Port Commission authorized staff to modify the contract by increasing the contract amount by \$3,021,550, resulting in a total authorized contract amount of \$5,821,550; and
- WHEREAS, To date \$5,416,938 of the contract amount has been expended on dredging projects, leaving an available contract balance of \$404,612 which is insufficient to complete the 2008/2009 scope of work; and
- WHEREAS, Port staff desires to increase the contract amount by \$3,245,388 resulting in a new authorized contract amount of \$9,066,938; and
- WHEREAS, The new contract amount will enable the Port to direct Dutra Dredging Company to conduct dredging work in FY 2008/2009 at Pier 35 and Pier 27, which are critical to the Port's maritime operations, and other locations to be determined by staff; now, therefore be it
- RESOLVED, That the Port Commission hereby authorizes staff to execute a Contract Modification for the Maintenance Dredging Project, Contract No. 2706, with Dutra Dredging Company, to increase the contract amount by the sum of \$3,245,388, resulting in a new authorized contract amount of \$9,066,938; and be it further
- RESOLVED, That the Port Commission hereby authorizes staff to execute additional contract modifications or change orders not to exceed \$425,412 to the Maintenance Dredging Project, Contract No. 2706, with Dutra Dredging Company, if needed for additional contingencies.

*I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2008.*

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Secretary







## MEMORANDUM

October 22, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Authorization to accept and expend \$15,000 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront.

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

### Funding Overview

In October 1997, Senate Bill 172 (Rainey) created the California Department of Boating & Waterways' (DBW) *Abandoned Watercraft Abatement Fund*, providing for a grant program available to public agencies for removal and demolition of abandoned recreational vessels from navigable waterways. The Port has been successful in taking advantage of this program in the past, securing \$95,000 in 2001 for disposal of derelict watercraft.

### The Project

In March 2008, Port staff identified nine abandoned recreational water vessels in the Fisherman's Wharf area, and applied to DBW for \$15,000 in grant funding to properly dispose of them. The total application amount was based on cost estimates provided by marine salvage contractors for removal and demolition work. On September 25, 2008 Port staff received an award letter from DBW for the full amount requested. This program requires 10% in matching funds from the Port, which Port staff intend to provide through in-kind services.

All funding from this grant must be expended no later than June 30, 2009.

Removal of the abandoned watercraft will not only beautify San Francisco's waterfront, but also greatly improve boating safety by reducing navigation hazards and potential environmental dangers.

**This Print Covers Calendar Item No. 8D**



## **Commission Action**

Port staff seek Commission authorization for the Executive Director to accept and expend \$15,000 in grant funds from the Department of Boating and Waterways.

Prepared by: Hedley Prince, Harbormaster, Fisherman's Wharf  
Maritime Division

Daley Dunham, Principal Administrative Analyst  
Finance & Administration Division





**PORT COMMISSION**  
**CITY AND COUNTY OF SAN FRANCISCO**  
**RESOLUTION NO. 08-67**

- WHEREAS, In October 1997, Senate Bill 172 (Rainey) created the Abandoned Watercraft Abatement Fund, providing for a grant program available to public agencies for removal and demolition of abandoned recreational vessels from California navigable waterways; and
- WHEREAS, Port staff have identified nine abandoned recreational vessels within the Port's jurisdiction that pose potential navigation and environmental hazards; and
- WHEREAS, In March 2008, the Port applied to the California Department of Boating and Waterways (DBW) for Abandoned Watercraft Abatement Fund monies for removal and demolition of the nine derelict vessels; and
- WHEREAS, On September 25, 2008, DBW awarded the Port \$15,000 for this purpose; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to accept and expend \$15,000 in grant funds from DBW for removal and demolition of abandoned watercraft at Fisherman's Wharf; and, be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director or her designee to execute any documents necessary for the purpose of obtaining and expending these grant funds, including any extensions, augmentations or amendments thereto; and, be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend this grant.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2008.*

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Secretary





## MEMORANDUM

October 21, 2008

**TO: MEMBERS, PORT COMMISSION**

Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:**

Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Request Approval of the Port's Parking Meter Pricing Rates and Time Limit Ranges

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### ***Background***

The Port operates approximately 1,000 electronic single space parking meters along 45 city blocks within its jurisdiction using in-house staff. These 1,000 meters were purchased and installed over a 5-year period beginning in 1992 and completed in 1997. The Port's meters are in effect from 7 a.m. to 7 p.m., 7 days a week, with some exceptions. The Port Commission raised the Port meter rates from \$1 per hour to \$2 per hour in 2003 and retained the existing two-hour time limit. The existing meters do not accept credit cards or the City's Smart Card. Annual parking meter revenue, based on the flat rate of \$2 per hour, is nearly \$1.4 million.

### ***Port's Pilot On-Street Parking Study***

In 2006, the Port initiated a study of its on-street parking program with the goal of (1) increasing Port parking meter revenues while promoting parking availability for Port tenants and their customers; and (2) managing the on-street parking resource under Port jurisdiction more effectively.

Port staff explored utilizing market-based parking rates to affect supply and demand, by introducing pricing strategies that could be supported by new technologies (smart meters, multi-space paystations, and sensors) that also provide customers with multiple convenient payment options. One multi-space paystation usually services between seven and ten parking spaces.

**This Print Covers Calendar Item No. 9A**





Phase I of the study focused on an overall assessment of the Port's on-street parking program which created baseline data. Phase II consisted of a pilot study of the capability of multi-space paystation technology to support a variety of parking management strategies, including coin and credit card payments and progressive pricing.

In Phase I, or the baseline study, the Port contracted with Streetline Networks to conduct a study to determine the actual demand for the Port's metered parking spaces. In July 2006, Streetline Networks deployed sensor technology adjacent to about 200 on-street parking spaces and has been continuously measuring occupancy and turnover. The data collected produced a baseline report which the Port used to measure the impact of the introduction of variables in Phase II, including new technology, rates, time limits and payment methods.

In Phase II, the Port extended a formal invitation to the parking vendor community to participate in a pilot study of their parking system solutions. In support of Phase II, the Port Commission adopted (1) a four hour parking limit, with the exception of Chestnut Street (no limit;) and (2) a progressive rate pricing strategy. The progressive parking rates -- First Hour \$3; Second Hour \$3; Third Hour \$4; Fourth Hour \$5 -- were intended to encourage one to two hour parking sessions with less reliance on enforcement, while adding flexibility for drivers, thereby generating turnover at on-street spaces and encouraging use of off-street garages.

The 90-day pilot study ended on February 28, 2007 and the data collected was analyzed. In summary, the general conclusions of the study were that (1) location and time of day are the biggest predictors of parking demand, (2) 41% of parking sessions were paid, 13% were used by vehicles displaying disabled placards (DPs), and 46% were unpaid, (3) across all blocks, revenue was up by 25% in the pilot study period over the baseline, (4) excluding the two blocks (1300 Battery Even and 000 Francisco Odd) which experienced paystation failures, the revenue increase was 37%, (4) enforcement was highly variable and overall quite low, and (5) drivers parked an average of 75 minutes both during the baseline and pilot study periods.

### ***Conclusions and Next Steps from the Port's Pilot On-street Parking Study***

Based on the results of this study, Port staff concluded that it could improve its management of on-street parking and revenues generated by parking meters by replacing its single space parking meters with multi-space paystations that accept coins, credit cards, and the City's Smart Card. In addition, Port staff decided that it should work with the San Francisco Municipal Transportation Agency (SFMTA) to have the same meter and related technology as the City, use SFMTA's staff and contractors to provide collection and meter repair service, and to set consistent meter rates and hours in areas where the City and Port have meters. In that way, the public will not be confused by potentially different meter technology and meters prices. In addition, the Port would be in a better position to optimally price its meters since the City's meters located in adjacent areas to the Port would be priced similarly.

To that end, at its May 13, 2008 meeting the Port Commission adopted Resolution 08-33 approving a Memorandum of Understanding (MOU) between the Port of San Francisco and the San Francisco Municipal Transportation Agency (SFMTA) to purchase and install multi-space paystations on Port property, maintain the multi-space paystations, and collect and count the coins from the Port's multi-space paystations. The SFMTA in turn, amended its contract with Serco to allow the Port and SFMTA to develop paystation specifications and then seek at least





three bids from multi-space paystation vendors. The Board of Supervisors approved the SFMTA's amended contract with Serco the end of June 2008.

Port staff worked with SFMTA and Serco staff to develop paystation specifications for the Port's paystations that Serco issued as a bid package to paystation vendors. In August 2008, Serco received eight bids from paystation vendors. Serco, Port, and SFMTA staff rated the proposals and interviewed the top four vendors as follows:

|            |            | Cale/8D | Digital<br>Pay<br>Tech | Duncan | IPS | Mackay | Metric | Parkeon | Photo<br>Violation<br>Technology |
|------------|------------|---------|------------------------|--------|-----|--------|--------|---------|----------------------------------|
| Proposal   | Port       | 1       | 4                      | 3      | 8   | 5      | 6      | 2       | 7                                |
|            | MTA        | 2       | 3                      | 1      | 7   | 6      | 5      | 4       | 7                                |
|            | Consultant | 3       | 6                      | 2      | 5   | 7      | 4      | 1       | 8                                |
| Interview  | Port       | 1       | 4                      | 3      |     |        |        | 2       |                                  |
|            | MTA        | 3       | 4                      | 2      |     |        |        | 1       |                                  |
|            | Consultant | 1       | 4                      | 3      |     |        |        | 2       |                                  |
|            | Scorer 4   | 2       | 4                      | 1      |     |        |        | 3       |                                  |
|            | Scorer 5   | 3       | 4                      | 1      |     |        |        | 2       |                                  |
| References |            | 1       | 4                      | 3      |     |        |        | 2       |                                  |

Based on that process, we jointly selected the team of 8D/Cale and have begun negotiations with them to purchase and install the Port's multi-space paystations.

### ***Meter Pricing Proposal***

As previously discussed, Port staff wish to partner with the SFMTA to set parking meter pricing in the Port jurisdiction similar to the SFMTA's meter prices in adjacent SFMTA managed parking meters. Meanwhile, the SFMTA received \$18.4 million in federal Urban Partnership Program grant funds to implement a pilot parking demand based pricing study using new parking management approaches and technology including multi-space paystations to manage parking supply and demand more intelligently. To implement the DOT grant funded parking project, the SFMTA developed a parking program called *SFpark* that will:

- Test various new meter, payment and sensor technology that work best to support the City's parking and pricing policies;
- Test the use of demand responsive pricing to achieve overall goals for parking and the City's transportation system;
- Focus on Parking Control Officer (PCO) deployment and enforcement strategies including testing of different hand-held equipment and sensor enforcement;
- Test how well pricing of parking reduces congestion and improves Muni's on time performance;
- Establish a relationship between the price of off-street and on-street parking to eliminate the financial incentive of circling blocks to look for parking; and



- Allow the Port and SFMTA to work together to provide seamless parking management across the City.

As described in more detail below, SFMTA staff have developed pricing and time limit proposals for the *SFpark* pilot project program that they will take to their Board in November 2008. Port staff propose that the Port Commission adopt the same pricing and time limit proposals as well as establish initial meter rates and time limits for specific areas in the Port's jurisdiction.

Price adjustments will be gradual and periodic to allow the public time to learn new parking prices and adjust their travel and modal choices.

As the next step in implementing the Port's multi-space paystations, staff requests that the Port Commission approve pricing rate and time limit ranges as well as the initial availability standards and targets that will be used in the SFMTA's *SFpark* parking pilot projects, and to allow the Executive Director to implement rate and time limit changes within those ranges, to change the times and days when parking is metered, and to adjust the initial availability standards and targets.

Staff requests that the Port Commission approve the attached resolution which consists of establishing the parking meter pricing and time limit ranges and refining the parking occupancy and/or availability goals. The parking meter rates, rate structure options, and time limit ranges are summarized below:

- The rate structure for all parking meters can be either flat (same price per hour all day), or may be based on time of day (variable price by time of day), length of stay (variable price by how long a vehicle has been parked), or a combination of those structures.
- The rates for parking meters could vary between \$0.50 an hour and \$6.00 an hour and could vary by parking type, purpose, and location.
- Special Event Parking<sup>1</sup> rates would be between \$0.50 an hour and \$18.00 an hour during special events.
- Special Event parking rates could be imposed as early as four hours prior to the event. Following the event, rates would return to their pre-event amount.
- Parking price or rate changes for parking meters will be posted on the Port and SFMTA websites and at the specific location where price is changed no later than the commencement of operations or pricing the day of the price change.

Parking meter prices would be adjusted gradually and periodically based on parking availability and congestion targets. On-street metered parking prices would be adjusted up or down in increments of \$0.50/hour every four to six weeks for a specified geographical unit (whether block-to-block, two-block units, or other appropriate areas).

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<sup>1</sup> Special events are large, well-publicized events that are expected to generate a significantly higher level of parking demand, including baseball games, concerts, fleet week, and other similar events.





The Port and SFMTA will utilize gradual and periodic adjustments in order to give people time to learn new parking prices and adjust their travel and modal choices. The alternative of more dynamic or frequent price changes would likely frustrate drivers and not allow them to learn prices over time and adjust modal choices accordingly.

One purpose of the SFpark pilot project is to test the effect of changing the hours when parking is metered. Currently, Port meters are in effect from 7:00 a.m. to 7:00 p.m. The Port Commission is requested to authorize changing the times when parking is metered. In some areas, this may include metering later into the evenings or earlier in the mornings depending on occupancy targets.

Another purpose of the SFpark pilot project is to combine changes to parking pricing with changes to time limits currently used to regulate parking. This will allow staff to evaluate the effectiveness of using parking prices rather than time limits as the primary means to achieve availability targets. Therefore, the Port Commission is requested to authorize Port staff to change time limits for parking. Currently, Port meters allow for two hour parking stays. Under the Port's jurisdiction in the SFpark pilot project, time limits for metered parking would be allowed for two hours to 12 hours depending on availability targets.

The parking availability standards and targets will be measured during the SFpark pilot project and used to adjust the price of parking upwards or downwards. The availability standard defines the optimal level of availability for different types of parking, while the availability target defines how much of the time the availability standards are met. Expressing the availability standard for different types of parking as a range rather than a single number (such as 85 percent) allows for more effective parking management and helps prevent "over management" of parking to achieve a narrowly defined goal.

The Port Commission is requested to approve the following initial availability standards for the Port's parking meter spaces:

- 10 percent to 35 percent for metered on-street parking;
- No less than 50 percent for metered on-street commercial loading parking (yellow zones);
- No less than 50 percent for metered on-street short-term parking (green zones); and

The Port Commission is requested to approve an initial availability target of 80%, which means that the availability standards are met 80% of the time that parking is priced. An availability target of 80 percent acknowledges that while a higher target of 95 percent or 99 percent is theoretically possible, it would likely cause undesirable consequences. Because parking demand naturally varies both day-to-day and hour-to-hour, achieving a "perfect" adherence to an availability standard would require management toward the 99th percentile of parking demand. This would result in parking prices being adjusted to meet parking demand for the 99th percentile day, the "peak of the peak" of parking demand that could risk driving vehicles away from commercial areas.

### ***Initial Changes to the Port's Parking Meter Rates***

The methodology described above would allow Port staff to adjust parking meter rates to achieve desired parking availability goals. However, based on the City's current parking meter rates in



areas adjacent to the Port as well as information Port staff have about current utilization of the Port's on-street metered parking, we recommend establishing the following initial parking meter rates and time limits for some of the areas within the Port's jurisdiction:

|                               | <u>Current<br/>Hourly Rate</u> | <u>Proposed<br/>Hourly Rate</u> | <u>Proposed<br/>Time Limit</u> |
|-------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Fisherman's Wharf Area:       |                                |                                 |                                |
| North Point to Hyde Streets   | \$2.00                         | \$2.50                          | 2 hrs                          |
| Ferry Building Area:          |                                |                                 |                                |
| Broadway to Harrison Streets  | \$2.00                         | \$3.00                          | 2 hrs                          |
| Embarcadero Roadway (South)*: |                                |                                 |                                |
| Harrison to Townsend Streets  | \$2.00                         | \$1.00                          | 12 hrs                         |
| Terry Francois Blvd Area*:    |                                |                                 |                                |
| Berry to Mariposa Streets     | \$2.00                         | \$1.00                          | 12 hrs                         |

\* Note that pricing would be higher for special events.

The proposed hourly rates for the Fisherman's Wharf and Ferry Building areas are the same as the City's hourly rates on adjacent City streets. We will adjust these rates based on the parameters discussed earlier. We propose to initially keep the Port's existing two hour limit based on the experience of the Port's Pilot On-street Parking Study that indicated the majority of drivers parked two hours or less even when the time limit was four hours.

The proposed \$1.00 hourly rate for the South Embarcadero Roadway and Terry Francois Blvd areas reflects the significantly low current demand for short-term on-street parking in that area unless there is a special event. On non-event days, Port staff propose to extend the time limit from two hours to 12 hours, from 7:00 a.m. to 7:00 p.m., to allow all-day parking. Thus, parkers could pay up to \$12.00 a day to park along the South Embarcadero Roadway and Terry Francois Blvd. The parking lots near these areas currently charge \$13.00 daily rates. With respect to parking for special events, Port and SFMTA staff will be analyzing appropriate pricing rates and time limits in the coming months.

### ***Recommendation***

It is recommended that the Port Commission approve the attached resolution authorizing pricing ranges and time limits for Port parking meters, establishing initial occupancy and availability targets, and authorizing the Executive Director or her designee to implement and adjust rates, enforcement times, time limits and availability standards and targets within those ranges.

Prepared by: Tina Olson, Deputy Director  
Finance and Administration





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-68**

- WHEREAS, Charter Section B3.581 grants the Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
- WHEREAS, Under the Burton Act and Transfer Agreement the State transferred its interest in San Francisco's tidelands to the City and County of San Francisco to be held in trust for navigation, commerce, and fisheries; and
- WHEREAS, Section 4 of the Burton Act, Section V of the Transfer Agreement, and Section B6.406 of the City's Charter require all revenues generated on trust property to be deposited into a trust fund for the Port's benefit, which include revenues from parking meters attributable to parking spaces on Port property belonging to the Port; and
- WHEREAS, Port Commission Resolution 08-33 authorized the Port Executive Director to enter into an MOU with the SFMTA that authorized the SFMTA to, on the Port's behalf, purchase up to 150 multi-space paystations, procure coin collection and counting services, and transfer management and maintenance of the Port's paystations to the SFMTA; and
- WHEREAS, Port staff wish to achieve uniformity in the City by partnering with the SFMTA to set similar parking meter prices and time limits in adjacent geographic areas as part of the SFMTA's *SFpark* Program; and
- WHEREAS, The SFMTA staff have developed pricing ranges and strategies as well as occupancy standards for use in association with the SFMTA's *SFpark* Program that Port staff propose to use; and
- WHEREAS, Port staff propose to initially set the Port's parking meter rates in the Fisherman's Wharf and Ferry Building areas at \$2.50 and \$3.00 per hour respectively; the same as the SFMTA's current parking meter rates in adjacent areas; and
- WHEREAS, Port staff propose to initially set parking meter rates of \$1.00 per hour in the South of Market and Terry Francois Blvd areas to reflect the significantly low current demand for on-street parking spaces in those areas; and
- WHEREAS, Port staff also propose to initially set 12 hour time limits, from 7:00 a.m. to 7:00 p.m., in the South of Market and Terry Francois Blvd areas to allow all-day parking; and





- WHEREAS, The availability standard for this program is the optimal level of availability for different types of parking, and Port staff believes the initial availability standards for Port parking meter spaces are: (1) 10 to 30 percent for metered on-street parking; (2) no less than 50 percent for metered on-street commercial loading parking; and (3) no less than 50 percent for metered on-street short-term parking; and
- WHEREAS, The availability target for this program is the measure of how often the availability standards are met, and Port staff believes the initial availability target should be 80 percent; and
- WHEREAS, The SFMTA's *SFpark* pilot program received environmental clearance under the California Environmental Quality Act as a Class 6 Categorical Exemption from the San Francisco Planning Department on May 19, 2008; now, therefore, be it
- RESOLVED, That the Port Commission authorizes the Port Executive Director to set parking meter rates to better match demand for on-street parking spaces; and, be it further
- RESOLVED, That effective February 1, 2009 the hourly rates for on-street parking meters in the Port's jurisdiction between and including North Point and Hyde Streets will be \$2.50; and, be it further
- RESOLVED, That effective February 1, 2009 the hourly rates for on-street parking meters in the Port jurisdiction between Broadway and Harrison Streets will be \$3.00; and, be it further
- RESOLVED, That effective February 1, 2009 the hourly rates for on-street parking meters in the Port jurisdiction from Harrison Street and to and including Townsend Streets will be \$1.00; and, be it further
- RESOLVED, That effective February 1, 2009 the hourly rates for on-street parking meters in the Port jurisdiction between and including Berry and Mariposa Streets will be \$1.00; and, be it further
- RESOLVED, That effective February 1, 2009 the time limit for parking meters on streets in the Port jurisdiction between and including Harrison and Townsend Streets and Berry and Mariposa Streets will be 12 hours, from 7:00 a.m. to 7:00 p.m.; and, be it further
- RESOLVED, That the Port Commission authorizes the Port Executive Director to adjust parking meter rates (to a minimum of \$0.50 and a maximum of \$6.00 per hour) as often as every 30 days to better match demand for on-street parking spaces; and, be it further
- RESOLVED, That the Port Commission authorizes the Port Executive Director to adjust metered parking rates in increments of no more than \$0.50/hour; and, be it further



RESOLVED, That the rate structure for all parking meters may be either flat rates (same price per hour all day), or may be based on time of day (variable price by time of day), length of stay (variable price by how long a vehicle has been parked), or a combination of those structures; and, be it further

RESOLVED, That for the parking meter rates for special events the Port Executive Director is authorized to determine rates between \$0.50 an hour and \$18.00 an hour during or up to four hours before special events; and, be it further

RESOLVED, That the Port Executive Director is authorized to change the time limits for metered parking of between two hours and 12 hours as well as change the times and days when parking is metered; and, be it further

RESOLVED, That any parking price or rate changes for the Port's parking meters that are within the ranges specified in this resolution must be posted on the Port and SFMTA websites and at the specific location where price is changed no later than the commencement of operations or pricing the day of the price change; and, be it further

RESOLVED, That the initial availability standards for the Port's parking meter spaces are 10 to 35 percent with the goal to achieve those availability standards 80 percent of the time that metered parking is priced.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2008.*

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Secretary







## MEMORANDUM

October 22, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Ann Lazarus  
Hon. Michael Hardeman  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Contracting Activity Quarterly Report – Fiscal Year 2008/09;  
1<sup>st</sup> Quarter Period July 1, 2008 through September 30, 2008

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

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### BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a \$200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)
2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:
  - Contracting activity for the current reporting period
  - Anticipated contracting activity for the upcoming quarter
  - Estimated staffing numbers and projects related to the as-needed contract services.

This Print Covers Calendar Item No. 9B



3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Disadvantaged Business Enterprise (DBE) or Local Business Enterprise (LBE) subcontracting participation goal of 20%. This means that on an annual basis, 20% of all (including LBE Joint Venture Prime contract participation) of contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith efforts steps to maximize opportunities for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation for a Port lease, franchise, concession and other contracts such as development agreements.

#### Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that cannot otherwise be performed by existing City and County of San Francisco staff. The Port has twelve as-needed contracts that have a total authorized contracting capacity of \$8,150,000.
2. *Professional Service Contracts* procured through a *formal* contracting process
  - contracts valued greater than \$29,000
3. *Professional Service Contracts* procured through an *informal* contracting process
  - contracts valued at less than \$29,000
4. *Construction Service Contracts*
  - public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City
4. *Information Technology Contracts*
  - acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts





## 5. General Services Contracts

- an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

Based upon the above information, this report is divided into two sections to cover each of the legally mandated reporting requirements consisting of: 1) Administrative Code Section 6.64 - As-Needed Contracting Activity; and 2) Administrative Code Section 14(b) - All other Contracting Activity.

## SUMMARY

### Local Business Enterprise Participation

While the Port has exceeded its cumulative overall LBE subcontracting goal of 20% on all contracts required to be monitored under the 14(b) Ordinance, this quarter's results fall short of that goal as indicated below for the as-needed contracts. However, contracts that are not as-needed exceeded the 20% LBE participation goal at 57%.

The following table summarizes the Port's new Contracting Activity for the 1st Quarter of Fiscal Year 2008/09:

| Type of Contract                           | Amount Awarded   | D/LBE Amount     | D/LBE %    |
|--|------------------|------------------|------------|
| As-Needed Professional Services            | \$ 0             | \$ 0             | 0%         |
| General Services (Contracts Only)          | \$ 0             | \$ 0             | 0%         |
| Formal Professional Services               | \$ 0             | \$ 0             | 0%         |
| Informal Professional Services             | \$ 81,501        | \$ 4,725         | 15%        |
| Construction Services                      | \$               | \$               | %          |
| Information Technology (General Services)* | \$ 97,500        | \$97,500         | 100%       |
| <b>Totals</b>                              | <b>\$179,001</b> | <b>\$102,725</b> | <b>57%</b> |

\*Issued through the Computer Store and Office of Contract Administration IT contracts.

The following table summarizes the Port's As-Needed Contracting Activity (Contract Service Orders) by Master Agreement discipline of professional services for the 1<sup>st</sup> Quarter FY 08/09:

| Type of As-Needed Professional Services Contract | Amount Awarded   | D/LBE Amount    | D/LBE %    |
|--|------------------|-----------------|------------|
| Architectural & Engineering                      | \$317,063        | \$61,607        | 19.4%      |
| Environmental                                    | \$121,633        | \$22,893        | 18.8%      |
| Real Estate Economics                            | \$ 75,245        | \$ 0            | 0%         |
| Construction Support Services                    | \$ 0             | \$ 0            | 0%         |
| <b>Totals</b>                                    | <b>\$513,941</b> | <b>\$84,500</b> | <b>16%</b> |

It is important to note that all of the Architectural & Engineering, as well as the Environmental contracts expire June 30, 2009. Staff proposes to issue an RFP for Architectural and Engineering contracts during Fiscal Year 2008/09 2<sup>nd</sup> Quarter and extend the Environmental contracts for an additional one year.





### \$200,000 As-Needed Contracting Authorization

During this quarter, no as-needed contract services exceeded the approved \$200,000 threshold.

### Other Contracting Activity

In addition to the above contracting activity, the Port has been engaged in a number of leasing evaluations, renewals, and new leases. The Real Estate Division reports that all leases are conducted on a first-come, first-serve basis. There is no tracking by ethnicity, gender nor location of corporate headquarters for the tenants granted leases on Port property. However, the majority of the lease transactions are with local small businesses. The HRC is being asked to review tenant improvement projects for applicability to the local business enterprise program.

Development contracting transactions are highly specialized and market driven by the private investment entities pursuing such projects on Port property. However, the Port still adheres to the Port's policy of encouraging participation of all local small businesses on its development projects without regards to race or gender. The Port has been engaged in two development projects that include the Piers 27-31 Mixed Use Recreation project and the Seawall Lot 337 project. The Seawall Lot 351 RFP was issued during the first quarter of FY 08/09. In all instances, the Port includes the following statement:

#### *"V. OTHER PROJECT REQUIREMENTS*

##### *A. Equal Opportunity*

*The Port Commission encourages the participation of disadvantaged local business enterprises in this RFP opportunity. The selected Respondent will be encouraged to consult with the City's Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business enterprises in this opportunity. The City's list of certified Local Business Enterprises may be accessed through the following URL: ([http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist\\_1.htm](http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist_1.htm)).*"

Specific outreach to small businesses includes the following sources:

- Small Business Exchange (statewide minority contractor trade publication)
- Daily Pacific Builder (northern California construction trade publication)
- Asian Week (San Francisco community paper)
- El Mensajero (Latino San Francisco community paper)
- The Sun Reporter\* (African American San Francisco community paper)

### Procurement Process Improvement Goals for the Next Quarter

- ❖ Staff have requested that the HRC provide a review of the Port's contracting activity to assure that the subcontracting goals required on Port contracts are reasonable with respect to the type of work required and the availability of qualified LBE firms that can and are willing to perform the work. When that requested HRC report is made available to staff, it will be included as a part of the quarterly contracting activity report for the upcoming Port Commission meeting.



- ❖ To improve the procurement process and efforts to increase LBE participation, the Port's Contract Manager proposes that regular bi-weekly meetings are held with HRC representatives and the Port Contract Manager to review Port procurements including RFPs, contracts, CSO modifications and etc.
- ❖ The Port's Contract Manager has also proposed the use of Project Charters and Scope Statements to minimize change orders and create a smoother procurement process.
- ❖ Project team review of RFPs with the Contract Manager prior to release for advertising.
- ❖ Minimum of one week to finalize RFP language after team review of RFPs.
- ❖ Project team meeting prior to pre-proposal meetings
- ❖ Formalized documentation (as approved by Executive Director) and Port-wide staff training on Port Contracting Policy and Procedures

#### Local 21 Staffing Activity (Fiscal Year 2008/09)

|                | 1st Quarter   |               |
|----------------|---------------|---------------|
| DISCIPLINE     | Separation    | Appointment   |
| Engineering    |               |               |
| Planning       |               |               |
| IT             | 5382 (Intern) | 5382 (Intern) |
| Administrative |               |               |

## CONCLUSION

Additional details on the Port's contracting activities (including upcoming contracting activities) are included in the discussion portion of this report. Port staff request acceptance of this informational report with comments and further direction to staff as deemed appropriate.





## DISCUSSION DETAIL

Based upon the background and summary information provided, the remainder of this report is divided into two sections to cover each of the legally mandated reporting requirements consisting of report details covering: 1) Administrative Code Section 6.64 – As-Needed Contracting Activity; and 2) Administrative Code Section 14(b) - All other Contracting Activity.

### **PART I. As-Needed Professional Services Contracting Activity Administrative Code Section 6.64**

This as-needed contracting activity report covers the 1st Quarter (July 1, 2008 through September 30, 2008) period for Fiscal Year 2008/09. No as-needed construction-related professional service Contract Service Order exceeded the \$200,000 Administrative Code limit for a public works project during this quarter. The detailed achievement (dollars and percentages) for each of the twelve as-needed consultant contracts is included in Exhibits 1, 2, 3 and 4 to this report.

#### Master Agreement (Exhibit 1)

It is important to note that all of the Architectural & Engineering, as well as the Environmental contracts expire June 30, 2009. At its February 14, 2006 meeting, the Port Commission authorized each of the aforementioned Environmental contracts which total four, be awarded for three years, with the Port reserving the option to renew for one additional year beyond the third year. Likewise at its April 11, 2006 meeting, the Port Commission authorized each of the aforementioned Architectural and Engineering contracts which total two, be awarded for three years, with the Port reserving the option to renew for one additional year beyond the third year.

At least three months should be allocated to complete the procurement process; with an additional three-month cushion for unforeseen interruptions in the procurement process. Staff proposes to begin the process of preparing an RFP for the Architectural and Engineering services new pool of as-needed contracts sometime during 2<sup>nd</sup> quarter of Fiscal Year 2008/09. Contract Service Orders issued after January 1, 2009 that require completion beyond June 30, 2009 will be restricted. Projects that cannot be completed by June 30, 2009 may make it necessary to extend the Architectural & Engineering Master Agreement contracts. If so, Port staff will request authorization to do so by no later than May 2009.

It is likely that with the remaining contracting capacity on the Environmental contracts and the demand for issuance of RFPs, the Environmental as-needed contracts may be extended for another one-year period. The exercising of this option does not require further formal action by the Port Commission.



#### 1<sup>st</sup> Quarter Activity – Fiscal Year July 1, 2008 through September 30, 2008 (Exhibit 2)

The chart illustrates subcontract participation rates for the two types of as-needed contracts used at the Port. The Construction-related Professional Services Contracts (Engineering, Environmental & Construction Support Services) are used primarily by the Engineering Division. The Non-Construction-related Professional Services Contracts (Real Estate Economics and Related Consulting Services) are used primarily by the Planning Division.

During this quarterly reporting period, the Port did not meet the 20% subcontracting goal, but included 16.44% LBE participation on Contract Service Orders (CSOs) issued. This failure to meet the LBE subcontracting goal is due primarily to one CSO issued to complete the Maritime Cargo and Industrial Land Use Study update. This work was previously performed by a non-LBE firm. Thus, when the same firm was selected to perform the update of the study, the result was the lack of LBE participation on that CSO. Another reason for the decline in utilization of LBEs relates to modification to existing CSOs where the prime is proposing to perform additional work with its own forces in order to minimize cost to the Port. The HRC has approved all such modifications.

Exhibit 3 illustrates the trend analysis of LBE subconsulting participation on a percentage basis for each quarter since the subject as-needed contracts were approved. As indicated from the chart, the percentage LBE participation varies from quarter to quarter. Exhibit 4 illustrates that cumulatively, the Port is still exceeding the 20% subcontracting goal at 21.4% participation from July 1, 2006 through September 30, 2008.

#### **Anticipated Formal Contracts issued through New Request for Proposals:**

- Brannan Street Wharf Project Engineering Design (Issued and pending selection)
- Youth Employment Program – Environmental Maintenance of Port Infrastructure (issued and pending recommendation to Port Commission for Contract Award)
- Financial Advisory Services (Issued and to be Re-issued due to failure of 67% (4 out of 6) firms not complying with HRC 20% subcontracting goal.)
- Pier 70 Brownsfield Environmental (Pending issuance)
- Unarmed Guard Security Services
- CCTV Security Systems (Award pending under as-needed contract for initial design)
- Elevator/Escalator Maintenance
- Pier 43.5 Design Services (Award pending under as-need contract for conceptual design)
- Facility Maintenance Data System
- As-Needed Engineering Services
- Bayfront Park Design
- SWL 351 (Developer)
- Mission Bay Shoreline Protection Project
- Cruise Terminal Design Services

#### **Anticipated Construction Services Contracts to be Bid through Engineering**

- Pier 80 Fencing (Est. \$200,000)
- 401 Terry Francois ADA Accessibility Upgrades (Est. \$500,000)





- Pier 45 Drainage Improvements (Est. \$1.85 million)
- Pier 9 Fire Protection (Est. \$60,000)
- SFPUC Efficient Lighting (Est \$650,000 to be bid through SFPUC)
- Shoreside Power Contract is to be awarded as a sole source with estimated cost of \$3.3 million.

**Anticipated As-Needed Contracting Activity for the Upcoming Quarter**  
(October 1, 2008 – December 31, 2008)

**Construction-related Professional Services**

| Description of Work  | Estimated Dollar Amount | Project                                |
|--|-------------------------|--|
| Environmental Education and Outreach (As-Needed Environmental)   | \$30,000                | Fisherman's Wharf Public Outreach      |
| Design for repair of existing substructure of bridge leading to Sinbad Restaurant and Agriculture building east apron repair | \$50,000                | Sinbad Bridge & Ag Bldg Walkway Repair |
| 401 Terry Francois (Pier 50 Admin Bldg)  | \$50,000                | Design Services                        |
| Environmental Investigation Work   | \$25,000                | Pier 90                                |
| Conceptual Design for Bay Trail Link   | \$200,000               | Pier 43.5                              |
| Engineering Design Services  | \$200,000               | Hyde St Harbor Command                 |
| Roof Truss End Connections Engineering   | \$12,000                | Pier 35                                |
| Railroad Tunnel Modification   | \$200,000               | Pier 80                                |
| Design Development for automated bilge treatment system  | \$15,000                | SWL 303; Hyde Street                   |
| Pier 27 Tidal Wave Simulation Study  | \$100,000               | Cruise Terminal Study                  |
| Pier 35 Superstructure Condition Survey  | \$200,000               | Pier 35 Cruise Terminal                |
| Drydock Marine Consultant  | \$50,000                | Pier 80                                |
| Dredging Inspections   | \$50,000                | Piers                                  |
| Access Control System Specification Development  | \$50,000                | Homeland Security                      |
| CCTV Specification Development   | \$50,000                | Homeland Security                      |
| Stormwater Program Compliance  | \$105,000               | Portwide                               |
| Bollards Condition Survey  | \$25,000                | Pier 80                                |
| Rapid/Detailed Structural Assessment Standards   | \$50,000                | Portwide                               |
| Elevator/Escalator Maintenance (DPW as-needed contract pool)   | \$25,000                | Maintenance                            |
| Design Services for Aprons 19,26,28 and 33 (separate projects)   | \$400,000               | Portwide Apron Repair                  |
| Maher Analysis and Water Quality   | \$40,000                | Pier 45 Environmental                  |
| <b>TOTAL ESTIMATED AMOUNT</b>  | <b>\$1,927,000</b>      |  |





## Real Estate and Related Consulting Services

| Description of Work  | Estimated Dollar Amount | Project                      |
|--|-------------------------|------------------------------|
| Economic/development feasibility analysis of the Agriculture Building, the Ferry Building Parking Structure, and related Design Plans for nearby open space areas. | \$100,000               | Ferry Building Area Planning |
| Transportation demand management strategies  | \$10,000                | Seawall Lot 337              |
| Traffic Flow Analysis  | \$80,000                | Pier 27                      |
| Data compilation of hazardous building materials   | \$30,000                | Pier 70 Environmental        |
| <b>TOTAL ESTIMATED AMOUNT</b>  | <b>\$220,000</b>        |                              |

## Staffing Numbers

### PORT OF SAN FRANCISCO

Local 21 Staffing Activity for Fiscal Year 2008/09

1st Quarter, 7/1/08 – 9/30/08

| Class/Title                      | Activities   |
|----------------------------------|--|
| 5382 Student Design Trainee – IS | College student intern appointed 7/14/08 to backfill a position vacated through resignation.   |
| 1652 Sr. Accountant              | Vacancy due to promotion filled by a transferee on 8/11/08.  |
| 9376 Market Research Specialist  | New position for FY 08/09- position will be filled from an eligible list resulting from Position Based Testing (PBT); PBT in progress. |



**PART II. All Other Contracting Activity**  
**San Francisco Administrative Code Section 14(b)**

This section of the report covers the Port Commission's request to expand reporting of contracting activity to include all Port contracts. This section of the report also addresses the new San Francisco Administrative Code Section 14(b) requirement to report activities to assure nondiscrimination in contracting to MBEs, WBEs and OBEs.

The San Francisco Human Rights Commission (HRC) has determined that the Port's contracting activities and the prime contractors/consultants have made a good faith effort to comply with the City and County of San Francisco Local Business Enterprise program.

Port Contracting Activity (Non As-Needed Contracts) 1<sup>st</sup> Quarter FY 2008/09

| Informal Professional Service Contracts |                         |                 |            |       |  |
|---|-------------------------|-----------------|------------|-------|--|
| Contract Date                           | Contractor Name         | Contract Amount | LBE Amount | LBE % | Project Description  |
| 8/4/08                                  | S.F. Conservation Corps | \$50,000        | 0          | 0     | Environmental Maintenance of Port Facilities.  |
| 9/15/08                                 | Carey & Company         | \$31,501        | \$4,725    | 15%   | Pier 70 Historic Preservation (Scope and fee to continue work under expired contract.) |

**Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs**

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms





- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.
- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

To improve the procurement process and efforts to increase LBE participation, the Port's Contract Manager proposes that regular bi-weekly meetings are held with HRC representatives and the Port Contract Manager to review Port procurements including RFPs, contracts, CSO modifications and etc.

## RECOMMENDATION

The attached report is submitted to meet the requirements stated in the report background. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator  
For: Tina Olson, Director of Finance & Administration

cc: Clerk, Board of Supervisors  
Local 21, IFPTE Representative Michael Seville  
Department of Public Works, James Chia  
Human Rights Commission, Selormey Dzikunu



Exhibits:

- 1) As-Needed Master Agreement Contracting Capacity Status Report as of September 30, 2008
- 1) FY 2008-09 1<sup>st</sup> Qtr (July 1, 2008 – September 30, 2008): Contract Service Orders Awarded and DBE Participation
- 2) Cumulative and Year-to-Date Detailed Summary of DBE Participation (Cumulative is based upon from the contract inception period July 2006 (Beginning) to current reporting period (Ending))



**EXHIBIT 1: As-Needed Master Agreement Contracting Capacity Status Report as of September 30, 2008**

**As-Needed Master Agreement Summary Status Report (As of September 2008)**

| Consultant Name                 | Abbrev. | Master Agreement Expiration Date | Title of Master Agreement                      | NTE Contract Amount | CSO Amount Issued to Date | Contract Balance      |
|---------------------------------|---------|----------------------------------|--|---------------------|---------------------------|-----------------------|
| Creegan & D'Angelo              | CD      | 6/30/2009                        | Architectural & Engineering As-Needed Contract | \$ 1,500,000        | \$1,276,484.75            | \$ 223,515.25         |
| Tom Eliot Fisch/Winzler & Kelly | TW      | 6/30/2009                        | Architectural & Engineering As-Needed Contract | \$ 1,500,000        | \$ 748,060.80             | \$ 751,939.20         |
| Treadwell & Rollo/Hydroconsult  | TH      | 6/30/2009                        | Environmental As-Needed Contract               | \$ 650,000          | \$ 448,099.32             | \$ 201,900.68         |
| Weiss Associates                | WA      | 6/30/2009                        | Environmental As-Needed Contract               | \$ 650,000          | \$ 447,416.53             | \$ 202,583.47         |
| URS/Avila                       | URS     | 6/30/2009                        | Environmental As-Needed Contract               | \$ 650,000          | \$ 242,021.48             | \$ 407,978.52         |
| Bay Area Economics              | BAE     | 12/31/2010                       | Real Estate As-Needed Contract                 | \$ 550,000          | \$ 251,574.87             | \$ 298,425.13         |
| CBRE Consulting                 | CBRE    | 12/31/2010                       | Real Estate As-Needed Contract                 | \$ 550,000          | \$ 307,269.93             | \$ 242,730.07         |
| Economic Planning Systems       | EPS     | 12/31/2010                       | Real Estate As-Needed Contract                 | \$ 550,000          | \$ 499,834.00             | \$ 50,166.00          |
| Keyser Marston Associates       | KMA     | 12/31/2010                       | Real Estate As-Needed Contract                 | \$ 550,000          | \$ 23,423.00              | \$ 526,577.00         |
| BDI/ECS                         | EB      | 12/31/2010                       | Construction As-Needed Original Contract       | \$ 500,000          | \$ 125,192.40             | \$ 374,807.60         |
| Maritime Construction Coalition | MC2     | 12/31/2010                       | Construction As-Needed Original Contract       | \$ 500,000          | \$ 62,865.00              | \$ 437,135.00         |
| <b>TOTAL</b>                    |         |                                  |  | <b>\$ 8,150,000</b> | <b>\$4,432,242.08</b>     | <b>\$3,717,757.92</b> |

\*One remaining as-need Construction Support Services contract in the amount of \$500,000 was not executed due to the lack of available work and the ability for this LBE prime consultant to receive more work as a subcontractor under the Creegan & D'Angelo Master Agreement.





# EXHIBIT 2:

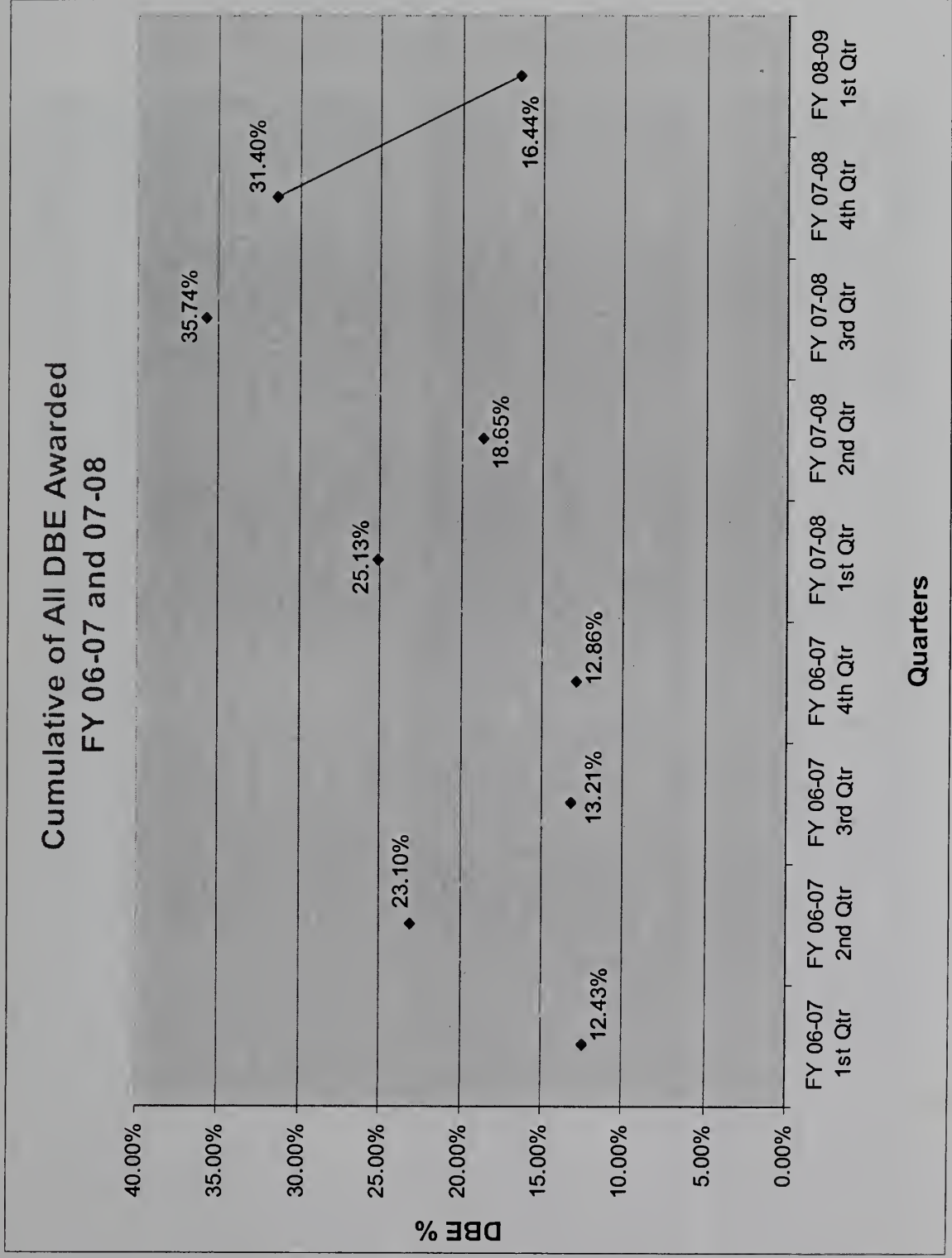
FY 08-09 1<sup>st</sup> QTR (July 1, 2008 - September 30, 2008): Total Contract Service Orders Awarded

| Consultant          | CSO #   | CSO Date | Description   | CSO Amount          | DBE Amount          | DBE %         |
|---------------------|---------|----------|---|---------------------|---------------------|---------------|
| CBRE Consulting     | CBRE-03 | 07/08/08 | Maritime Cargo & Industrial Land Use                  | \$ 75,245.00        | \$ -                | 0.00%         |
| Creegan + D'Angelo  | CD-16   | 09/08/08 | Hyde Street Harbor Fuel Dock Substructure Mod # 1     | \$ 1,311.17         | \$ 3,606.96 *       | 275.09%       |
| Creegan + D'Angelo  | CD-18   | 08/12/08 | Pier 70 - Oil Filled Transformers Condition           | \$ 11,265.56        | \$ 5,100.00         | 45.27%        |
| Creegan + D'Angelo  | CD-19   | 09/25/08 | Flood Load Design Provisions for Port Building Code   | \$ 34,384.63        | \$ -                | 0.00%         |
| Tom Eliot/Winzler K | TW-04   | 08/01/08 | Piers 27-29 Seismic Analysis Review Mod # 2           | \$ 5,000.00         | \$ -                | 0.00%         |
| Tom Eliot/Winzler K | TW-10   | 07/30/08 | Structural Assessment of Port Moring Mod # 3          | \$ 19,388.40        | \$ -                | 0.00%         |
| Tom Eliot/Winzler K | TW-12   | 07/17/08 | Pier 50 Valley Substructure Repair Project            | \$171,779.00        | \$ 38,113.00        | 22.19%        |
| Tom Eliot/Winzler K | TW-15   | 07/09/08 | On Call Scoping & Technical Advice                    | \$ 73,934.00        | \$ 14,787.00        | 20.00%        |
| Weiss Associates    | WA-02   | 07/09/08 | Wharf J10 Technical Support Mod # 6                   | \$ 13,400.00        | \$ -                | 0.00%         |
| Weiss Associates    | WA-04   | 09/25/08 | On-Call Environmental Consulting Services - J10       | \$100,000.00        | \$ 20,000.00        | 20.00%        |
| Weiss Associates    | WA-05   | 08/18/08 | Pier 80 Transit Shed Roofing - Migratory Bird Mod # 1 | \$ 8,232.94         | \$ 2,893.10         | 35.14%        |
| <b>TOTAL</b>        |         |          |   | <b>\$513,940.70</b> | <b>\$ 84,500.06</b> | <b>16.44%</b> |

Reorganization of project team resulting in higher DBE participation on the project and correction of original DBE cost proposal.



**EXHIBIT 3:**







# EXHIBIT 4 – SUMMARY OF COMMULATIVE AS-NEEDED CONTRACTING ACTIVITY AS OF 9/30/08

FY 2008-09 1<sup>st</sup> QUARTER (July 1, 2008 - September 30, 2008)

Total Summary for As-Needed Contracts by Quarter (Combined)

| Consultant             | Beginning FY Cumulative* |                  |               | Previous Qtr (4 <sup>th</sup> Qtr 07-08) |                  |               | FY 08-09 1 <sup>st</sup> Quarter |                 |               | Ending Cumulative to Date |                  |               |
|------------------------|--------------------------|------------------|---------------|--|------------------|---------------|----------------------------------|-----------------|---------------|---------------------------|------------------|---------------|
|                        | CSO Amt                  | DBE Amt          | DBE %         | CSO Amt                                  | DBE Amt          | DBE %         | CSO Amt                          | DBE Amt         | DBE %         | CSO Amt                   | DBE Amt          | DBE %         |
| Creegan & D'Angelo     | \$1,229,523              | \$282,469        | 22.97%        | \$185,934                                | \$74,036         | 39.82%        | \$46,961                         | \$8,707         | 18.54%        | \$1,276,485               | \$291,176        | 22.81%        |
| TEF/Winzler Kelly JV   | \$477,959                | \$76,916         | 16.09%        | \$66,861                                 | \$2,877          | 4.30%         | \$270,101                        | \$52,900        | 19.59%        | \$748,061                 | \$129,816        | 17.35%        |
| Treadwell/HydroCon     | \$448,099                | \$99,149         | 22.13%        | \$39,468                                 | \$28,570         | 72.39%        | \$-                              | \$-             | 0.00%         | \$448,099                 | \$99,149         | 22.13%        |
| Weiss Associates       | \$325,784                | \$106,839        | 32.79%        | \$51,058                                 | \$32,967         | 64.57%        | \$121,633                        | \$22,893        | 18.82%        | \$447,417                 | \$129,732        | 29.00%        |
| URS/Avila JV           | \$242,021                | \$52,537         | 21.71%        | \$160,050                                | \$32,970         | 20.60%        | \$-                              | \$-             | 0.00%         | \$242,021                 | \$52,537         | 21.71%        |
| Bay Area Economics     | \$251,575                | \$16,920         | 6.73%         | \$96,515                                 | \$16,920         | 17.53%        | \$-                              | \$-             | 0.00%         | \$251,575                 | \$16,920         | 6.73%         |
| CBRE Consulting        | \$232,025                | \$98,542         | 42.47%        | \$-                                      | \$-              | 0.00%         | \$75,245                         | \$-             | 0.00%         | \$307,270                 | \$98,542         | 32.07%        |
| Economic Planning Sys. | \$499,834                | \$117,079        | 23.42%        | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$499,834                 | \$117,079        | 23.42%        |
| Keyser Marston Assoc.  | \$23,423                 | \$-              | 0.00%         | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$23,423                  | \$-              | 0.00%         |
| BDI/ECS JV             | \$125,192                | \$2,000          | 1.60%         | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$125,192                 | \$2,000          | 1.60%         |
| MCC2 JV                | \$62,865                 | \$-              | 0.00%         | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$62,865                  | \$-              | 0.00%         |
| <b>TOTAL</b>           | <b>\$3,918,301</b>       | <b>\$852,451</b> | <b>21.76%</b> | <b>\$599,886</b>                         | <b>\$188,341</b> | <b>31.40%</b> | <b>\$513,941</b>                 | <b>\$84,500</b> | <b>16.44%</b> | <b>\$4,432,242</b>        | <b>\$936,951</b> | <b>21.14%</b> |

## Total Summary for Construction-related Professional Services Only

| Consultant           | Beginning FY Cumulative* |                  |               | Previous Qtr (4 <sup>th</sup> Qtr 07-08) |                  |               | FY 08-09 1 <sup>st</sup> Quarter |                 |               | Ending Cumulative to Date |                  |               |
|----------------------|--------------------------|------------------|---------------|--|------------------|---------------|----------------------------------|-----------------|---------------|---------------------------|------------------|---------------|
|                      | CSO Amt                  | DBE Amt          | DBE %         | CSO Amt                                  | DBE Amt          | DBE %         | CSO Amt                          | DBE Amt         | DBE %         | CSO Amt                   | DBE Amt          | DBE %         |
| Creegan & D'Angelo   | \$1,229,523              | \$282,469        | 22.97%        | \$185,934                                | \$74,036         | 39.82%        | \$46,961                         | \$8,707         | 18.54%        | \$1,276,485               | \$291,176        | 22.81%        |
| TEF/Winzler Kelly JV | \$477,959                | \$76,916         | 16.09%        | \$66,861                                 | \$2,877          | 4.30%         | \$270,101                        | \$52,900        | 19.59%        | \$748,061                 | \$129,816        | 17.35%        |
| Treadwell/HydroC JV  | \$448,099                | \$99,149         | 22.13%        | \$39,468                                 | \$28,570         | 72.39%        | \$-                              | \$-             | 0.00%         | \$448,099                 | \$99,149         | 22.13%        |
| Weiss Associates     | \$325,784                | \$106,839        | 32.79%        | \$51,058                                 | \$32,967         | 64.57%        | \$121,633                        | \$22,893        | 18.82%        | \$447,417                 | \$129,732        | 29.00%        |
| URS/Avila JV         | \$242,021                | \$52,537         | 21.71%        | \$160,050                                | \$32,970         | 20.60%        | \$-                              | \$-             | 0.00%         | \$242,021                 | \$52,537         | 21.71%        |
| BDI/ECS JV           | \$125,192                | \$2,000          | 1.60%         | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$125,192                 | \$2,000          | 1.60%         |
| MCC2 JV              | \$62,865                 | \$-              | 0.00%         | \$-                                      | \$-              | 0.00%         | \$-                              | \$-             | 0.00%         | \$62,865                  | \$-              | 0.00%         |
| <b>TOTAL</b>         | <b>\$2,911,445</b>       | <b>\$619,910</b> | <b>21.29%</b> | <b>\$503,371</b>                         | <b>\$171,420</b> | <b>34.05%</b> | <b>\$438,696</b>                 | <b>\$84,500</b> | <b>19.26%</b> | <b>\$3,350,140</b>        | <b>\$704,410</b> | <b>21.03%</b> |

## Total Summary for Non-Construction-related Professional Services Only

| Consultant             | Beginning FY Cumulative* |                  |               | Previous Qtr (4 <sup>th</sup> Qtr 07-08) |                 |               | FY 08-09 1 <sup>st</sup> Quarter |            |              | Ending Cumulative to Date |                  |               |
|------------------------|--------------------------|------------------|---------------|--|-----------------|---------------|----------------------------------|------------|--------------|---------------------------|------------------|---------------|
|                        | CSO Amt                  | DBE Amt          | DBE %         | CSO Amt                                  | DBE Amt         | DBE %         | CSO Amt                          | DBE Amt    | DBE %        | CSO Amt                   | DBE Amt          | DBE %         |
| Bay Area Economics     | \$251,575                | \$16,920         | 6.73%         | \$96,515                                 | \$16,920        | 17.53%        | \$-                              | \$-        | 0.00%        | \$251,575                 | \$16,920         | 6.73%         |
| CBRE Consulting        | \$232,025                | \$98,542         | 42.47%        | \$-                                      | \$-             | 0.00%         | \$75,245                         | \$-        | 0.00%        | \$307,270                 | \$98,542         | 32.07%        |
| Economic Planning Sys. | \$499,834                | \$117,079        | 23.42%        | \$-                                      | \$-             | 0.00%         | \$-                              | \$-        | 0.00%        | \$499,834                 | \$117,079        | 23.42%        |
| Keyser Marston Assoc.  | \$23,423                 | \$-              | 0.00%         | \$-                                      | \$-             | 0.00%         | \$-                              | \$-        | 0.00%        | \$23,423                  | \$-              | 0.00%         |
| <b>TOTAL</b>           | <b>\$1,006,857</b>       | <b>\$232,541</b> | <b>23.10%</b> | <b>\$96,515</b>                          | <b>\$16,920</b> | <b>17.53%</b> | <b>\$75,245</b>                  | <b>\$-</b> | <b>0.00%</b> | <b>\$1,082,102</b>        | <b>\$232,541</b> | <b>21.49%</b> |





## MEMORANDUM

October 28, 2008

**TO: MEMBERS, PORT COMMISSION**  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Request Approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for Premises Located at Pier 17, and subject to Board of Supervisors approval; and Request Approval of a Month-to-Month License No. 14604 for Temporary Retail Sales at a Separate Premises at Pier 17.

**DIRECTOR'S RECOMMENDATIONS:** Approval of Lease No. L-14584 and License 14604

### **Background**

TCHO Ventures, Inc. ("TCHO") has been a Port tenant in good standing since June 1, 2006 at Pier 17. Located in the Northern Waterfront, Pier 17 was constructed in 1912 and is within the Embarcadero Historic District. Pier 17 is approximately 108,000 square feet. TCHO currently occupies about 29,000 square feet of both pier shed, and bulkhead office space, as shown on the map attached hereto.

TCHO is a San Francisco based start-up company founded in 2005. TCHO uses technology to map cocoa beans by their flavor compounds onto a six-segmented flavor wheel. The company's plan is to allow others to use their flavor wheel in the hopes that it will become the industry standard for chocolate-based food products. TCHO also mass produces and sells chocolate to food companies and consumers via the Internet. TCHO currently employs about 20 people and estimates its first year sales to be approximately \$2 million.

**THIS PRINT COVERS CALENDAR ITEM NO. 10A**





## **Lease Proposal**

TCHO is now proposing to expand its current chocolate manufacturing facility to include a San Francisco retail space for on-site sales of high quality chocolate products exclusively manufactured by TCHO, and develop an interactive kitchen for chocolate making instruction and demonstration classes. TCHO will also conduct group tours for both the general public and private groups.

## **Retail Leasing Policy**

Under Port Resolution No. 93-52, the Retail Leasing Policy, it is the policy of the Port Commission to competitively bid retail leasing opportunities. Retail business at the Port is defined to include such operations as restaurants, galleries, ship chandleries, souvenir shops, parking lot operations and excursion vessel operations.

The Retail Leasing Policy reaffirms the Port's commitment to foster and encourage full and equitable opportunities for leasing retail sites on the waterfront through a community outreach and a competitive bid or request for proposal (RFP) process.

The Retail Leasing Policy also allows for direct sole source negotiations of leases with existing tenants if the direct and indirect benefits of such negotiations exceed the benefits of a public offering. The Retail Leasing Policy permits the Port to enter into long term leases with an existing retail tenant provided that the tenant develops a sound business plan and strategy for capital investment in the leased premises warranting the term length and provided further that the Port Commission determines that:

1. The tenant is in good standing with the Port; and
2. The tenant is committed to making a significant capital investment which will benefit the Port; and
3. The benefits of direct negotiation outweigh the benefits of competitive bidding; and
4. The tenant has a good record of non-discrimination in its hiring and retail practices and is committed to adhering to a program of non-discrimination during the term of the proposed lease.

TCHO meets the criteria found in the Retail Leasing Policy:

1. TCHO is a Tenant in Good Standing.
2. Under its existing lease, TCHO has installed manufacturing equipment for chocolate making and storage. Under the proposed lease, TCHO intends to complete their site which includes alterations to Port property estimated at \$800,000. The majority of these alterations directly benefit the Port. They include upgrading and separating all utilities such as electrical and overhead lights that service TCHO's premise. TCHO will also demise approximately 19,000 square feet of pier shed, install public accessibility improvements required by the San Francisco Bay Conservation and Development





Commission ("BCDC"), and install accessibility improvements required under the Americans with Disabilities Act.

3. There are substantial and quantifiable benefits to direct negotiations with this existing tenant. First, the Port's leasing opportunities at Pier 17 are constrained if not impractical or impossible due to the limitations of use, primarily of warehouse space. Second, due to the upcoming Exploratorium Project at Pier 15, and subsequently at Pier 17, scheduled for construction in 2009, the Port is constrained in its ability to offer any prospective tenants an appropriate lease term.
4. TCHO's tenancy represents the highest and best use and will provide significant benefits to the Port as opposed to the other prospective tenancies that the Port would likely attract to Pier 17 such as storage and warehouse uses. Other potential uses would not be willing or have the necessary resources to make the substantial capital investment into Port property that TCHO is committed to do. Moreover, because it is expected that TCHO will pay the Port percentage rent higher than its contracted minimum rent, TCHO's Lease represents a significantly higher value and benefit to the Port than other lesser value tenancies.
5. TCHO affirmatively states its commitment to non-discrimination in its hiring and retail practices and to adhering to a program of non-discrimination during the term of the proposed lease.

### **Environmental Review**

TCHO has received a Categorical Exception from City Planning for this proposed use.

### **Removal and Restorative Guarantees**

Under the proposed lease, TCHO is required to provide a demolition and restoration bond in the amount of 150% of the cost to demolish and restore the premises to Port specifications. Since the Port has determined the cost of demolition and restoration is \$211,550, the required bond will be \$317,325. In addition, TCHO will provide a Contractor Performance and Payment (labor and materials) Bond in the amount of 150% of the value of the Tenant Improvements. The value of those improvements per permit applications on file with the Port Engineering Department is \$800,000. Therefore, the TCHO contractor will provide bonds in the amount of \$1.2 million to the Tenant and the Port.

The Port Commission's approved form of lease requires a full performance bond equal to 150% of total construction costs. However, because TCHO's facility will likely be demolished at the end of its leasehold, Port staff recommends that the obligation to provide a performance bond be replaced by an obligation to provide a demolition and restoration bond.

### **Temporary Retail Sales**

In anticipation of the proposed new five year Lease, TCHO has requested the right to temporarily conduct retail sales from a small building (approximately 235 square feet) on the north side of Pier 17 that it currently occupies. This use would be strictly temporary during construction of



Tenant's improvements under its five year Lease. This temporary use is anticipated not to exceed six months and is permitted by the Categorical Exception. TCHO and the Port have agreed on mutually acceptable terms and conditions that are memorialized in the License No. 14604 now before the Port Commission for approval.

### Analysis

TCHO estimates that its first year retail sales will be in the range of \$2 million. Under the terms of the Lease the Port receives the greater of the minimum rent or 7% of all gross sales derived from specific parcels per month as indicated in the Lease. TCHO's base rent is \$278,600 annualized, therefore it is likely that the Port will realize total minimum rents in the amount of \$420,000 in the first year and is expected to increase through the term of the Lease.

As part of its \$800,000 project, TCHO is also required to make an investment of \$75,000 for non-tenant related improvements to Pier 17. TCHO is required to pay the Port the first installment of \$25,000 upon execution of the new License, and the remainder in two equal installments of \$25,000 on the second and third anniversaries of the Lease commencement date. The funds may be used by the Port at its own discretion.

In addition, TCHO will (1) upgrade and improve the electrical system including separation of utilities and installation of the overhead lights that service its premises, (2) construct ADA compliant bathrooms and path of travel, (3) construct and maintain public access improvements such as benches and trash receptacles, and (4) completely demise approximately 19,000 square feet of pier shed along with the installation of new fixtures and mechanical systems.

### Lease Terms

|                                       |  |
|---------------------------------------|--|
| <b>TENANT</b>                         | TCHO Ventures Inc., a Delaware Corporation   |
| <b>USE:</b>                           | Manufacturing, Retail Sales, and Display Kitchen   |
| <b>LEASE NUMBER</b>                   | L-14584  |
| <b>PREMISES:</b>                      | 29,734 square feet of improvements located at the west end of Pier 17 per Exhibit A.                     |
| <b>LEASE<br/>COMMENCEMENT DATE:</b>   | Upon lease approval by Board of Supervisors and final execution by Port, anticipated by December 1, 2008 |
| <b>RENT<br/>COMMENCEMENT DATE:</b>    | On the Lease Commencement Date.  |
| <b>LEASE<br/>EXPIRATION DATE:</b>     | Five years from Rent Commencement Date but no later than December 31, 2013.                              |
| <b>INITIAL MONTHLY BASE<br/>RENT:</b> | \$23,223.70 or \$0.78 per square foot  |





|                                     |  |
|-------------------------------------|--|
| <b>RENT ADJUSTMENT</b>              | 3% each anniversary date.  |
| <b>PERCENTAGE RENT:</b>             | 7% of Gross Sales when greater than base rent per parcel/month with the exception of Internet Sales  |
| <b>CAPITAL IMPROVEMENT PAYMENT:</b> | Tenant is required to make an investment of \$75,000 in three equal installments for non-tenant related improvements to Pier 17 which benefits the Port.   |
| <b>SECURITY DEPOSIT:</b>            | Tenant shall provide a Security Deposit equal to two (2) months' Base Rent in the fifth year of Lease.   |
| <b>TENANT IMPROVEMENTS:</b>         | Tenant improvements in the amount of \$800,000. Tenant shall have the obligation and right to design and construct tenant improvements at tenant expense, subject to Port approval and permitting. Tenant shall fully separate the new building from the existing adjacent building including the separation of all utilities. No rent credits or allowances to be provided by Port. |
| <b>PERFORMANCE BOND:</b>            | Tenant shall provide Contractors Performance and Payment (labor and material) Bond in an amount equal to 150% of the construction cost of Tenant Improvements per the approved Building Permit.  |
| <b>TENANT GUARANTEE:</b>            | Tenant shall provide 150% of demolition and restoration cost by Bond. The Port has determined these costs are \$211,550 therefore the bond will be in the amount of \$317,325.   |
| <b>UTILITIES:</b>                   | Tenant's sole responsibility including separation and sub-metering.  |
| <b>ENVIRONMENTAL REVIEW:</b>        | City Planning determined the Lease is Categorically Exempt under the provision of C.E.Q.A.   |
| <b>CITY REQUIREMENTS:</b>           | The lease shall include provisions requiring Tenant to comply with all applicable City laws (including, but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws).   |
| <b><u>LICENSE TERMS</u></b>         |  |
| <b>TENANT:</b>                      | TCHO Ventures Inc., a Delaware Corporation   |
| <b>USE:</b>                         | Temporary Retail Sales   |
| <b>LICENSE NUMBER:</b>              | 14604  |
| <b>PREMISE:</b>                     | 235 square feet on north side of Pier 17   |



**LICENSE  
COMMENCEMENT  
DATE:** Upon approval of the Port Commission, anticipated by  
October 28, 2008.

**RENT COMMENCEMENT  
DATE:** On License Commencement date.

**LICENSE EXPIRATION  
DATE:** Month-to-Month. Anticipated to be six months.

**INITIAL MONTHLY BASE  
RENT:** \$434.75 or \$1.85 per square foot

**PERCENTAGE RENT:** 7% of Gross Sales when exceeds base rent in any month.

**Staff Recommendation**

Port staff recommends that the Port Commission: (1) adopt the resolution approving Lease No. L-14584 subject to Board of Supervisors' approval, (2) authorize the Executive Director to forward Lease L-14584 to the Board of Supervisors for approval pursuant to Board's authorization under Charter Section 9.118, and (3) upon the effectiveness of such approval, execute the Lease. Port staff further recommends that the Port Commission adopt the resolution approving License No. 14604 and authorize the Executive Director or her designee to execute said License.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-69**

- WHEREAS, Charter Section B4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisor's approval of leases of real property with anticipated revenue to the City of One Million Dollars (\$1,000,000.00) or more; and
- WHEREAS, Pursuant to Port Commission Resolution No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, The Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when 1) the tenant is in good standing, 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port, 3) the benefits of direct negotiation outweigh the benefits of competitive bidding, and 4) the Tenant has a good record of non-discrimination in its hiring and retail practices; and
- WHEREAS, The Port Commission also requires the tenant to be a tenant in good standing with a sound business plan that requires a capital investment in its leasehold; and
- WHEREAS, TCHO Ventures Inc., a Delaware corporation ("TCHO"), is a tenant in good standing, and TCHO is willing to make significant improvements that will benefit the Port but there is insufficient term remaining under the Lease during which to amortize such investment; and
- WHEREAS, TCHO is required to provide a demolition and restoration bond in an amount equal to 150% of the cost to demolish unwanted improvements and restore the premises to Port specifications. The Port has determined such cost is \$211,550 therefore TCHO is required to provide a bond in the amount of \$317,325. In addition, TCHO's Contractor is required to provide a Contractors Performance and Payment (labor and material) Bond equal to 150% of the construction costs of Tenant Improvements; and
- WHEREAS, The Port and TCHO have completed lease negotiations and propose to enter into a lease and license as outlined in the Staff Report accompanying this Resolution ("Lease"); and





WHEREAS, The Port and TCHO have obtained a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the Lease; now, therefore, be it

RESOLVED, That the Port Commission approves, subject to Board of Supervisors' approval, the Lease and authorizes and directs the Executive Director or her designee to forward the Lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any such amendments thereto.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2008.*

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Secretary



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-70**

- WHEREAS, Charter Section B4.114 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, Pursuant to Port Commission Resolution No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, The Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when, 1) the tenant is in good standing, 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port, 3) the benefits of direct negotiation outweigh the benefits of competitive bidding, and 4) the Tenant has a good record of non-discrimination in its hiring and retail practices; and
- WHEREAS, The Tenant in good standing with a sound, business plan that requires a capital investment in its leasehold; and
- WHEREAS, TCHO Ventures Inc., a Delaware corporation ("TCHO"), is a tenant in good standing, TCHO is willing to make a significant investment in Port property that will benefit the Port but there is insufficient term remaining under the Lease during which to amortize such investment; and
- WHEREAS, TCHO has requested the right to conduct temporary retail sales from a small portion of its premises and TCHO shall pay to Port a minimum rent with a percentage rent of gross sales of 7%; and
- WHEREAS, The Port and TCHO have completed License negotiations and propose to enter into a month-to-month License as outlined in the Staff Report accompanying this Resolution ("License"); and
- WHEREAS, The Port and TCHO have obtained a CEQA finding of Categorical Exemption from the City Planning Department for the use and improvements contemplated in the License; now, therefore, be it





RESOLVED, That the Port Commission approves the License and authorizes the Port Executive Director or her designee to execute said License, and that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the License that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the License, and any such amendments thereto.

*I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2008.*

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Secretary





PIER 17


24' 17"

PIER 15

EXHIBIT A

INITIALS: PORT: \_\_\_\_\_ TENANT: \_\_\_\_\_ DATE: \_\_\_\_\_

LEASE NO.

 SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

TENANT

TCHO VENTURES  
A DELAWARE CORPORATION

DRAWN BY: ECC

CHECKED BY: J. BAUER

PLACE CODE NO.

1170-SHEDA

DATE: SEPT 3, 2008

SCALE: 1" = 100'

SHEET NO. 1

OF 1 SHEETS

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## MEMORANDUM

October 23, 2008

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Informational Presentation on Cruise Terminal Site Planning at Pier 27 (Site Location: The Embarcadero and Battery Street)

**DIRECTOR'S RECOMMENDATION:** Information item. No action required.

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### Summary

In 2007, the Cruise Terminal Advisory Panel recommended that Pier 27 is the most cost-effective and operationally-efficient primary cruise terminal location on the San Francisco waterfront. Based on this recommendation, Port staff engaged EDAW, an architecture and environmental consultancy, to develop conceptual site design options integrating cruise operations and circulation with public access open space including the Northeast Wharf Plaza.

After a process including consultation with cruise industry stakeholders, Port staff and EDAW developed two consolidated planning studies focusing on: 1) cruise terminal configuration and interior lay-outs, 2) open space configuration and 3) vehicular circulation flows in the valley and on the Pier 27 apron. EDAW and Port staff will present these planning studies and solicit input from the Port Commission and the public. If directed by the Port Commission, Port staff will initiate a process for public review to refine the conceptual site design studies and commence the competitive process to select an architect and engineering team to prepare more detailed design and cost analysis of the cruise and open space facilities at Pier 27 for review.

### Background

On September 27, 2007, the Port Commission accepted recommendations of the Cruise Terminal Advisory Panel. The Advisory Panel's mission was to evaluate the necessity of a new primary cruise terminal, determine its value to San Francisco, and recommend where the new terminal should be

**This Print Covers Calendar Item No. 11A**





located and what steps should be taken to implement development of a cruise terminal project. The Advisory Panel recommended that Port staff commence immediately with the implementation of plans to replace the current facility at Pier 35 initially with a single berth at Pier 27 that meets industry standards for a home port cruise terminal. The Advisory Panel's conclusions and recommendations, including these cruise industry standards, are shown on Attachment A.

The Advisory Panel determined that Pier 27 is the most cost-effective option owing to the condition of the substructure, the length of the berth, and the size and usability of the current maritime shed. Pier 27 represents the most feasible location for a primary cruise terminal. It is currently used as a secondary cruise facility and it has the physical attributes for a primary facility that could meet cruise industry standards. Pier 27's 1,358 foot long berth can accommodate the largest of the mega-cruise ships. The pier substructure is generally in good condition. Although some pier repairs are needed, it is not anticipated that a cost-prohibitive seismic upgrade would be required. The existing maritime shed is 178,123 square feet; this shed could be renovated to serve at least as a single berth facility.

Based on technical input from the cruise industry, the Advisory Panel recommended that approximately 120,000 square feet of floor area should be devoted for a single berth cruise facility. This recommended amount would have the capability to efficiently serve the increasing number of passengers arriving to or departing from a mega-cruise ship. Pier 27 has an ample apron width of approximately 50 feet to efficiently provision a ship and will have shoreside power capability in 2009.

Finally, Pier 27 has a potentially large circulation area in the valley to accommodate arriving and departing privately-owned vehicles (POVs), taxis, buses as well as the potential for provisioning trucks which also can be managed along the pier apron. The Advisory Panel recommended that a vehicle circulation area, both in the "valley" and along the apron, must be reserved and is capable of handling approximately 24 interstate tractor trailers and 5-12 delivery trucks during a cruise call. There should also be an area to accommodate 5-10 airport luggage trucks with 3-5 such trucks staged in a queuing staging area. The circulation area should be able to accommodate 10-15 bus parking spaces and 20-30 taxis. By using this valley area and the apron for these vehicles, this can improve the efficiency of passenger embarkation and disembarkation and reduce the level of traffic congestion on The Embarcadero when a cruise ship is in berth.

Pier 27 does have some negative attributes: 1) the berth requires on-going dredging annual cost of approximately \$750,000, and 2) there are tidal and current restrictions which may limit docking times. The Advisory Panel recommended that a tidal simulation study be initiated leading to development of operational and/or physical mitigation measures. Port staff has taken steps to initiate this study.

The Advisory Panel recommended the Port Commission re-affirm its commitment to the Northeast Waterfront Advisory Group to provide an open space associated with approval and completion of a major mixed-use development project at Piers 27-31.

Predating the Advisory Panel's deliberations, the Port entered into an exclusive negotiation agreement with SF Piers, LLC for a potential mixed use development that might have included a cruise terminal component at Pier 27. The Port's exclusive negotiation agreement with SF Piers, LLC expired on September 27, 2008.



## Conceptual Site Planning Process

In response to the Advisory Panel recommendations, the Port hired EDAW, an architectural and environmental consultancy, to develop a conceptual site design for Pier 27. The consultant team includes Jacinta McCann, Aki Omi, Andrew Pendrick and Yuka Suganuma (EDAW + DMJM Design), Phil Crannell (Ports and Maritime Group), and Chi-Hsin Shao (CHS Traffic Consulting). EDAW's initial scope of work entailed assisting Port staff to develop conceptual site plans leading to a preferred conceptual site plan. The site planning team (i.e., the EDAW team and Port staff) reviewed the existing Pier 27 site characteristics and constraints and developed site concepts that integrate the cruise operations and the public open space--as recommended by the Advisory Panel and as stipulated in the Port's Waterfront Land Use Plan and the Bay Conservation and Development Commission (BCDC) Special Area Plan.

Given the site constraints and two program uses, the EDAW team initially prepared a traffic analysis to determine alternative circulation plans. EDAW then hosted two separate workshops with Port staff along with direct stakeholders, Princess Cruises and Metro Cruise Services. During the workshops, EDAW presented four site design options and received input from stakeholders on the advantages and disadvantages of each design. BCDC staff attended the second workshop and provided substantive comments.

Based on the feedback at the workshops, EDAW has provided two plan studies derived on a set of prioritized development criteria. After an initial response from the Port Commission, the plan studies would then be taken to relevant community advisory committees and BCDC to weigh options and provide input, and then return to the Port Commission. Site plan design work would then be further evaluated and vetted through a continuing design review process.

### Selected Site Characteristics and Constraints

#### 1) Northeast Wharf Plaza

The Port Waterfront Land Use Plan and BCDC Special Area Plan envision creation of a Northeast Wharf Plaza, an approximately two-acre plaza that would be designed to function as a major attraction for visitors and residents. To create this plaza, the Plan calls for removal of approximately 56,000 square feet of Pier 27 shed and the Pier 27 Annex building while retaining or relocating the historic Pier 29 Beltline Office Annex. Attachment B shows a detailed Northeast Wharf Plaza configuration as presented in the BCDC Special Area Plan. At the time the Special Area Plan was adopted, BCDC and the Port anticipated construction of a major mixed-use, recreation development project on Piers 27-31 and did not envision continued secondary cruise use or a new primary cruise terminal at Pier 27.

The Special Area Plan specifically notes that "maritime activities and San Francisco's historic piers are intrinsically interesting, and provide much of the character of the waterfront." Further, the Plan argues that "public access, view sites, and recreation areas are desirable additions to maritime districts, provided that they do not interfere with maritime functions."

While respecting the size and intent of the Northeast Wharf Plaza, the site planning team has and will continue to evaluate whether the dimensions of an open space area should remain as shown in the Special Area Plan or whether it should be reconfigured to accommodate the vehicular flows for cruise terminal operations and allow more expansive views of the Bay.





## 2) Pier 27

As noted above, Pier 27 substructure is in generally good condition, although some pier repairs will be necessary. The pier was built in 1967 and constructed with pile-stressed concrete piles with concrete slab and aprons. Approximately \$2.5 million of seismic upgrades were completed in 1994. The pier will require additional seismic upgrades if there is a change of use or significant new construction either on Pier 27 or Pier 29. Accordingly, the site planning team has assumed renovation of most of the Pier 27 shed with the addition of a mezzanine space and demolition of a portion of The Embarcadero end of the shed to allow for the Northeast Wharf Plaza. By carefully avoiding significant new construction and change of use on both Pier 27 and 29, no seismic upgrade would be triggered thereby reducing the overall project cost.

The original construction of Pier 27 included a loading dock running along the western portion of the maritime shed creating a vertical difference of approximately 3.5 feet between the Pier 27 shed and the valley area. Without a mitigation design plan, this may create access and circulation problems for terminal pedestrian entry. When that portion of Pier 27 is demolished for the Northeast Wharf Plaza, an open space design will have to accommodate two different “foundation” or platform levels.

## 3) Pier 29 and Valley Area

Pier 29 maritime shed, built in 1915-18, is a contributing historic resource in the National Register of Historic Places. Portions of Pier 29 shed and pier apron have been used for vehicular access for specific cruise calls (e.g., the Queen Mary 2 maiden call on February 4-5, 2007). The Pier 29 Beltline Office Annex, originally built in 1903 next to Pier 3, was moved to its present location on The Embarcadero between Pier 27 and Pier 29 in 1918. This building is also designated as an historic resource and, as noted above, will be retained on-site or possibly relocated to another location within the Historic District. The non-historic Pier 27 Annex building will likely be demolished to allow for terminal operations and as required under the BCDC Special Area Plan. Likewise, temporary structures, such as Teatro Zinzanni, will be relocated to allow for terminal operations.

A primary cruise terminal operation will require significant amount of space to be used for vehicular circulation of privately occupied vehicles (“POVs”), buses, taxis and provisioning supply trucks as well as a dedicated queuing staging area for cruise ship provisioning. For example, up to 500 pallets of provisions may be off-loaded and placed in a staging area before being loaded on to the cruise ship. The planning team acknowledged that the site planning effort must accommodate each of these vehicular types, their respective circulation flows and the timing of their respective arrivals and departures. For example, for a cruise ship debarkation, most supply trucks may arrive from 5:00 a.m. to 10:00 am while buses, taxis and POVs arrive approximately between 8:00 a.m. to 11:00 am. During the hours of debarkation and embarkation of a 4,400 passenger mega-cruise ship, there may be as many as 680 POVs circulating the valley. Avoiding conflict of these flows is one of the most important circulation features to be included in the site planning process.

## Development Criteria

Consistent with the work of the Cruise Terminal Advisory Panel, the site planning team has considered a series of general development criteria. These can be summarized as follows:

- 1) A new cruise terminal with an efficient vehicular circulation area is the highest priority for the project.



- 2) The Northeast Wharf Plaza will be accommodated and designed to maximize use by visitors and residents.
- 3) This cruise terminal project must meet current industry operational standards for one primary berth for home port ships.
- 4) The terminal will have approximately 120,000 square feet of floor area with an addition of approximately 20 percent of the first floor area as a new mezzanine area for overhead embarkation/disembarkation via at least one new passenger gangway system. A baggage area should be at least 45,000 square feet to allow for large vessels on longer itineraries to effectively schedule guests' debarkation. As a note, a larger baggage area of up to 70,000 square feet has been discussed and could be accommodated, if required. There should be sufficient space for up to 50 check-in counters in the embarkation area.
- 5) This project should be structured so as to not trigger seismic retrofit of the pier substructure.
- 6) While recreation facilities are needed in the area, they are subordinate to the cruise terminal and open space requirements. Recreation uses may be accommodated in the Pier 29 shed though shed columns may restrict a full range of recreational activities. There may be available space for recreational uses within Pier 27 and the valley area, provided that they do not interfere with cruise functions and security requirements.
- 7) Pier 27 facilities should accommodate shared use to generate revenue and provide a community benefit, provided that these uses do not interfere with cruise functions and security requirements.

#### EDAW Workshop Conclusions

Through the workshop process, EDAW presented four site plan concepts. Workshop participants carefully reviewed each concept focusing on terminal and open space configurations with different vehicular circulation flows. The planning team has provided the following conclusions:

- 1) Avoid a single vehicular point access since this will cause traffic congestion and passenger confusion.
- 2) Provisioning supply trucks with their own entry point is preferred.
- 3) Use of Pier 29 for vehicular circulation is not desired because: a) potential cost to upgrade the shed and apron, b) possible impact to the historic structure, c) it allows Pier 29 shed to operate as an independent facility, and d) it provides public access along Pier 29 apron during a cruise operation.
- 4) Bus queuing area can be either in the valley along the Pier terminal or adjacent to Pier 29.
- 5) Counter-clockwise circulation for provisioning supply trucks around the site is preferred and should be further examined.
- 6) The end of Pier 27 should remain as open space and/or provisioning area, possibly enclosed.





- 7) Modification of Pier 27 shed is acceptable if necessary to allow traffic flows and cruise terminal functions.
- 8) Open space area reconfiguration to maximize bay views should be explored.
- 9) Potential retail uses along the linear open space should be explored to activate open space and provide a buffer between the open space and parking/terminal in the valley.
- 10) Appearance of the valley area on a non-cruise day is of concern and needs to be studied.
- 11) Counter-clockwise circulation for POVs, taxis, and buses is preferred.

#### Specific Site Plan Criteria

Based on these conclusions, EDAW then developed two consolidated planning studies that generally focus on: 1) open space configuration, 2) cruise terminal configuration and basic interior lay-outs, and 3) vehicular circulation flows in the valley and on the Pier 27 apron. Attachments C and D show the two planning studies. The characteristics of each study can be summarized as follows:

#### **Study A (Option 1)**

- 1) Maintain BCDC Special Area Plan layout for a two-acre uninterrupted open space area.
- 2) Two access points across The Embarcadero.
- 3) Privately-owned vehicles (POVs), taxis and buses enter from one consolidated point near Pier 29 bulkhead building and share a large loop flowing counterclockwise.
- 4) POVs and taxis are organized so that pick-up (debarkation) zones are placed at the west end of Pier 27 so that they are strongly tied to the terminal building layout (i.e., embarkation on the north, debarkation on the south).
- 5) Bus drop-off/pick-up zone is centrally located next to the terminal.
- 6) Provisioning trucks would enter at Pier 27 apron and exit at the consolidated point at the north.
- 7) The cruise ship terminal is designed so that embarkation occurs at the northern end of the terminal taking advantage of the open view of the Bay.

#### *Advantages:*

Traffic lanes do not cross into the open space area as envisioned by BCDC and Port plans. Proposed cruise terminal layout provides opportunity to create a dramatic embarkation space at mezzanine level with an open view of the Bay. This space also provides the opportunity for alternative use on a non-cruise day. Buses could back into their designated spaces thereby not causing potential back-up of the driveway. Secured storage of provisions can be co-located with other terminal functions, thus creating a single terminal facility. Retail space along the open space area could have a simple, efficient floor configuration.





### *Disadvantages:*

The single ingress point for POVs, taxis and buses may result in traffic congestion. A circulation management system must function very efficiently as any back-up of any mode would affect the others. While the back-in, head-out bus operation would reduce potential traffic impacts, signage would be necessary in order for passengers to identify which bus to board. Bus loading is in front of the terminal while POV loading is further away. This may be a disadvantage since majority of passengers would be using POVs and thus would have to walk longer to the terminal.

Provisioning trucks would enter and perhaps queue at Pier 27 apron using a less preferable counterclockwise flow pattern. A queuing lane may have to be created along The Embarcadero. Additional provisions storage may be needed and placed at northern end of pier so there may be a conflict with provision loading operations.

### **Study B (Option 2)**

- 1) Maximize the view corridor to the Bay by aligning the south end of the terminal to be roughly parallel to Pier 23.
- 2) Provide two types of open space areas: one triangular viewing area along Pier 27 apron and a linear park along The Embarcadero.
- 3) Taxis have their own loop closest to The Embarcadero for efficient circulation in and out of the terminal.
- 4) POV entry is separated from taxis, buses and provisioning.
- 5) Provision space is placed on northern end of the Pier 27 terminal away from The Embarcadero.
- 6) Primary provisioning circulation does not require use of Pier 27 apron unless for emergency or traffic congestion purposes as determined by terminal operator.

### *Advantages:*

Open space/building configuration creates a stronger linkage between The Embarcadero and the Bay. It provides a greater range of open space in the area. It also promotes the greater sense of connection between the public and the cruise ship as an attraction. Provision storage spaces are significantly larger in this option.

There are two ingress points for POVs, buses, taxis, and provisioning trucks. POVs would enter near Pier 29 while buses, taxis and provisioning trucks would enter at a separate point. This circulation system is preferred since there is less potential for backups on to The Embarcadero. This option also allows provisioning trucks to enter and be able to unload stores at a designated area. At that point, forklifts would be used to service the cruise vessels. There is additional flexibility to use the Pier 27 apron entry point if necessary. POV loading would be at the front of terminal. Since the amount of passengers using POVs are almost twice as large as those using buses, this layout would be the preferred option.



### *Disadvantages:*

With two (possibly three) access points, there would be greater potential for vehicular and pedestrian conflicts. This impact could be mitigated by the likely use of a traffic manager(s) during peak cruise times. Bus loading area is within a short distance to the exiting driveway and buses would back into the driveway. Bus backup maneuvering may cause backup of all exiting vehicles. A wider or a two-lane driveway at this location should be considered. Provisions storage is separated from the other building functions in an adjacent building.

The goal of the Pier 27 cruise terminal planning process is to develop a project that meets maritime needs but also must be successfully entitled and funded. The process to determine the development criteria described above is a means to achieve this; this site planning exercise has identified the challenges for a new, primary cruise terminal and has prioritized the competing concerns. Clearly, not all of the issues have been resolved. As noted earlier, Port staff intends to solicit community and regulatory response to the cruise terminal site plans. Based on that input, Port staff will return to the Port Commission with either a preferred site plan or a more detailed set of development criteria. Port staff would then recommend initiating the next stage of the design process when more detailed plans can be prepared at a larger scale.

Based on emerging development criteria, detailed plans will ultimately have to address: 1) the appearance, optimal functionality and adaptability of Pier 27 to become the primary cruise terminal facility; 2) which Leadership in Energy and Environmental Design (LEED) elements can be included to achieve a sustainable, green project; and 3) how to create an open space area that gives it a "sense of place" yet remains functional to the needs of a cruise terminal facility. In addition, the site planning process could be expanded to include how the Pier 29 shed and possibly the Pier 31 shed could be integrated into the Pier 27 cruise terminal project.

Successful resolution of these design elements will be dependent on project funding. Currently, the Port has funding of approximately \$19.3 million for this project. This amount includes funds from the Watermark deferred land sale proceeds, the Port's share of profits from individual condominium sales, and accrued interest earnings. During the Cruise Terminal Advisory Panel process, Port staff prepared an extremely preliminary project cost estimate of approximately \$60 million to develop this project. However, detailed design and engineering plans are needed to determine a more realistic project cost. The Port Commission will have to provide direction whether the cruise terminal project budget is limited to the amount of funds currently available or whether additional funds are budgeted.

### Next Steps

If directed by the Port Commission, the staff will initiate a process for public review of the EDAW conceptual site design studies and commence a competitive process to select a design and engineering team to develop a more detailed cost analysis of the cruise terminal facility with a public open space area at Pier 27, for further review and comment by the Port Commission and the public.

Prepared by: John Doll  
Project Manager  
Planning & Development





## ATTACHMENT A

### CRUISE TERMINAL ADVISORY PANEL FINAL RECOMMENDATIONS TO THE PORT COMMISSION

#### Vision Statement

Following several months of study and discussion, the Advisory Panel strongly believes that development of a new, multi-berth cruise terminal is required to meet the increased demand for cruise ships and enhance San Francisco's reputation as a world class, waterfront city and tourist destination. The Advisory Panel recommends:

- 1) Commence immediately with the implementation of plans to replace the current, substandard facility at Pier 35 with at least a single berth that meets industry standards for a home port cruise terminal;
- 2) Identify and implement short-term secondary berths; and
- 3) Develop a comprehensive, longer-term cruise terminal berthing strategy that includes a world-class facility befitting of San Francisco.

In order to achieve this vision, the Advisory Panel recommends that the Port Commission consider the findings presented below and direct Port staff to initiate the subsequent recommendations, including the appropriate community outreach.

#### FINDINGS

##### *1. San Francisco Cruise Industry Economic Benefits*

The Advisory Panel acknowledges that the San Francisco cruise industry generates approximately \$31.2 million<sup>1</sup> annually in economic activity and 300 jobs within the City, as analyzed by Bay Area Economics. The cruise industry creates approximately \$900,000 in annual fiscal revenues to the City's General Fund. Further, the San Francisco cruise industry enhances the City's reputation as a tourist destination, preserves and enhances the City's maritime industry, increases demand for maritime businesses, such as dry dock, ship supplier and tug boat services, and supports maritime, union jobs.

The Port's consultants, Bay Area Economics (BAE) and Ports and Maritime Group International (PMG), believe that the Port has potential to gain additional market share if, among other steps, it can improve its terminal facilities. Cruise ship calls have increased in recent years, but more significantly the size of the ships will continue to increase thereby increasing the number of passengers coming to the City. Accordingly, in order to capture this increased demand, the Port must upgrade and expand its deteriorating terminal facilities such that at least one berth meets current cruise terminal industry standards for a home-ported

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1. Port staff has estimated that the total economic benefit of the cruise terminal industry to the regional San Francisco Bay Area to be approximately \$60 million.



operation.

## ***2. Cruise Industry Design Standards***

The Advisory Panel acknowledges the analysis provided by Phil Crannell of PMG that delineates the current standards for a home port cruise terminal. These include:

### **A. Berth:**

1. Two berths, each of 1,300 feet in length and 35 feet in depth, preferably that require little or no dredging, allow for safe maneuvering of cruise ships, and ideally one of the berths is oriented parallel to the shore to provide efficient docking and operation.
2. Approximately 50 foot wide apron to allow safe and efficient provisioning of the ships.
3. One or two passenger access (gangway) systems with 14'8" clearance above the apron.
4. Accessibility to shoreside power.

### **B. Passenger Terminal(s):**

1. 100,000 to 120,000 square foot passenger terminal for each berth.
2. Vehicle circulation area capable of handling 12-25 80 foot interstate tractor trailers and 5-12 delivery trucks during a cruise ship call.
3. Security for berth and passenger terminal meeting requirements of Department of Homeland Security (DHS).
4. Parking spaces for 10-15 buses.
5. Pick-up/drop-off curb of approximately 300 feet in length.
6. Capability for 5-10 airport luggage trucks with room for 3-5 queued in a staging area.
7. Capability for 20-30 taxis queue in a staging area.
8. 15-30 parking spaces on site for Customs and Border Protection (CBP) personnel and terminal management.

## ***3. Community Benefits***

As part of the entitlements secured for the Bryant Street Pier Project, certain community benefits were included as part of the development agreement and the environmental impact report. Although the Bryant Street Pier Project will not occur as envisioned at Pier 30-32, there has been concern by Advisory Panel members to address the air quality impacts arising from cruise terminal operations and to acknowledge an open space component in the South Beach area.

Accordingly, the Advisory Panel agrees that there are certain related community benefits that should occur if a primary cruise terminal is developed. The Port Commission recognized the installation of shoreside power electricity, if financially feasible, to be a policy goal for the Pier 30-32 cruise terminal project (Resolution No. 05-63) and is a condition of the BCDC major permit for Pier 30-32. Shoreside power is technically feasible and the most effective method to reduce Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Particulate Matter (PM) emissions while cruise ships are at berth. While not part of the requested task, the Advisory Panel support this goal.





The Advisory Panel also acknowledges that State legislation under AB 1389 links the development of a new cruise terminal at Pier 30-32 with construction of an adjacent open-space area, known as the Brannan Street Wharf (BSW). SFCT has estimated that the 2006 budget for the BSW is approximately \$22.6 million. The Advisory Panel did not devote any time to study this issue, but recommends that the Port Commission continue to pursue this matter.

#### ***4. Funding Resources***

##### **Existing Funding Sources**

As a result of the Bryant Street Pier development agreement with the San Francisco Cruise Terminal LLC (SFCT), the Port sold a portion of Seawall Lot 330 for \$9.0 million. That \$9.0 million, along with an additional \$6.0 million contribution from the Port's Harbor Fund, constitute what was to be the agreed-upon budget for the Brannan Street Wharf (BSW). These funds are restricted to the development of the BSW and are not available for cruise terminal development. BSW funds in the restricted account currently consist of \$16.7 million (i.e., \$15 million plus accumulated interest to date).

In addition, the expiration of the Bryant Street Pier development agreement allows for excess proceeds from the sale of the Watermark condominium project to be transferred into a Port restricted account to be used for the Pier 30-32 cruise terminal and/or the Brannan Street Wharf. Currently, these accumulated Watermark funds amount to approximately \$17.8 million, which may be available for a primary cruise terminal.

##### **Funding Strategies**

If a primary cruise terminal is developed as a public works project, the Port's financial consultant, Public Financial Management (PFM), has identified other potential sources of revenue that may be leveraged. These may include: a special facility improvement passenger fee (representing an increase in existing passenger fees), revenue from joint use of the terminal facility (i.e., special events, trade/consumer shows, recreation, etc.), parking revenue, City tax revenue, and potential City General Fund contribution.

Alternatively, a public-private partnership between the Port and a developer could be negotiated with commercial uses that would allow for a private investment subsidy of the cruise terminal, including possessory interest tax increment financing (through the Port's Infrastructure Financing District) based on the value of the commercial development.

Although the development agreement at Pier 30-32 has expired, the commercial entitlements remain and could potentially be utilized as part of a new mixed-use development and secondary cruise terminal.

#### ***5. Phasing of Cruise Terminal Development***

Due to the Port's financial constraints, the Advisory Panel believes that the Port should pursue





a phased approach in developing new cruise terminal facilities.

Port staff has provided information that Pier 35, the existing primary cruise terminal, requires superstructure and substructure improvements. These improvements are estimated at \$68 million. If the substructure is not repaired, use of the pier may be restricted in 5-7 years. Even if repairs and the improvements are completed, the Pier 35 terminal does not meet current industry standards (i.e., berth is too short, aprons too narrow, shed too small to accommodate expected mega-cruise ships).

Accordingly, the Advisory Panel believes it is imperative to immediately develop a single-berth primary cruise terminal to be completed within five years. This facility should meet the industry standards for a home port cruise terminal as identified above.

### **Primary Berth**

After reviewing the feasibility of potential home port terminal locations, the Advisory Panel concludes that Pier 27 represents the most feasible location for a primary home port cruise terminal. Pier 27 is currently used as a secondary cruise facility, but it has the potential ingredients for a cruise facility that meets industry standards. Its berth is 1,358 feet in length. The pier is in good condition. Some pier repairs are needed, but no further seismic upgrades are required<sup>2</sup>. There is an existing shed of 178,123 square feet. This shed could be renovated to serve at least as a single berth facility.

The Port has entered into an exclusive negotiation agreement with SF Piers LLC for a potential mixed-use development and cruise terminal facility at Piers 27-31.

Pier 27 does have some negative attributes: 1) the berth requires on-going dredging; the annualized cost of which is approximately \$750,000; 2) there are current tidal restrictions which may limit docking times, although PMG believes that such restrictions can be mitigated with further investigation.

### **Secondary Berths**

A successful cruise terminal operation must be able to handle two or more cruise ships that arrive on the same day. Accordingly, the Port must identify secondary berths in the short-term to accommodate the potential increase in cruise calls. The Advisory Panel acknowledges that existing berth facilities at Pier 35 and Pier 30-32 should be utilized as necessary, but recommends that Port develop a long-term cruise terminal strategy that includes the feasibility of additional berth sites, including Pier 29 and piers in the Southern Waterfront area.

Pier 35: Port staff has issued a Request for Proposals for bidders to investigate the extent of substructure and superstructure deterioration at Pier 35. Depending on the outcome of that study, Port staff will evaluate the future potential of Pier 35, either as a secondary berth for smaller cruise ships or as a development opportunity for alternative use.

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2. Pier 27 requires no seismic upgrade for development if there are no changes in use and no new permanent structures. However, upgrades could be triggered if significant changes are made.



Pier 30-32: In 1998, Pier 30-32 was designated as the primary cruise terminal by the Port Commission (Resolution No. 98-108) and the Port entered into the Bryant Street Pier development agreement with San Francisco Cruise Terminal, LLC (SFCT) for the construction of a two-berth cruise terminal and mixed-used development (consistent with State legislation known as AB 1389). That agreement expired in September 2006, primarily because of an unanticipated increase in substructure costs. In 2006, SFCT had estimated the total hard substructure cost to be approximately \$81.2 million. Nonetheless, development on the pier is allowed certain private, commercial uses (subject to AB 1389 restrictions), has a certified environmental impact report, and a San Francisco Bay Conservation and Development Commission (BCDC) major permit.

PMG re-evaluated Pier 30-32 as a potential cruise terminal facility. If it were not for the exorbitant cost of substructure repair and retrofit, Pier 30-32 has significant potential as a new cruise terminal facility. Its eastern face is 622 feet in length and must include a pier extension to accommodate larger cruise ships. The berth does not require dredging and poses no navigational obstacles. There are no existing structures (except Red's Java House) and this allows for maximum design flexibility in meeting cruise terminal industry standards.

As a single berth facility, a pier extension of approximately 365-feet long and 50-feet wide (possibly phased) would be required (which SFCT also included as part of its schematic design) and a cruise terminal facility of 120,000 square feet would be preferred. A two-berth facility along the eastern face with pier extensions theoretically could be constructed and include a preferred 240,000 square foot terminal. However, without a significant infusion of public funds and/or private investment (revenue generation derived from a mixed-use development), a one-berth or two-berth cruise terminal development scenario at Pier 30-32 does not appear to be financially feasible as a primary cruise terminal site.

Alternatively, the eastern face of Pier 30-32 can remain as a secondary berth. Temporary tent structures, though expensive, have been and can continue to be used at Pier 30-32 on an interim basis until the Port secures alternative revenue-generating uses on the pier.

Pier 29: PMG has presented to the Advisory Panel a conceptual plan for a secondary berth at Pier 29. This concept would include a 900 foot extension of the pier perpendicular to Pier 29 and would utilize the existing shed on Pier 27 and a portion of Pier 29. This plan may or may not trigger the requirement for seismic retrofit of Pier 27. This secondary berth would not require dredging and there are no navigational restrictions resulting from tidal conditions.

As noted above, the Port has entered into an exclusive negotiation agreement with SF Piers LLC for a potential development of a mixed-use project that may include a cruise terminal facility on Pier 27. These negotiations may lead to a single-berth cruise terminal development as a primary facility; if negotiations are successful leading to a master development agreement, this would preclude development of a secondary berth at Pier 29.

Southern Waterfront: Port staff has reviewed Southern Waterfront piers as potential sites for a





cruise terminal facility. Piers 50, 70, 90 and 94-96 are not available in the short-term because of on-going lease commitments, lack of infrastructure, and/or on-going Port commitments to maintain cargo services. However, the Advisory Panel concludes that these berths should be explored as part of a longer term cruise berth solution.

## **RECOMMENDATIONS**

Members of the Cruise Terminal Advisory Panel submit the following recommendations to the Port Commission:

### **Recommendation #1: San Francisco Needs a Cruise Terminal**

Recognize that there are significant economic benefits to the City and County of San Francisco and that the cruise industry promotes San Francisco as a tourist destination and that such terminal is befitting of a world-class, waterfront city. Affirms that the Port needs a minimum of two new cruise berths, including construction of a new primary home-port cruise terminal to preserve and promote one of its major maritime industries.

### **Recommendation #2: Pier 35 Must Be Replaced**

Acknowledge that the existing terminal at Pier 35 is functionally substandard and requires a significant investment to repair its substructure and superstructure, and despite this investment, it would remain functionally substandard. Recognize that Pier 35 must be replaced as the primary terminal. Within 5-7 years, Pier 35 will be inoperable. Without a primary cruise terminal replacement, recognizes that the City and the Port may lose it's a significant major maritime industry which impacts related maritime businesses (dry dock services, tug boat operations, etc.) and union employment.

### **Recommendation #3: Commence Immediately With Replacement of the Primary Berth**

Commit immediately to a replacement primary cruise terminal that meets the current home port cruise terminal standards as outlined earlier in this memorandum. Meeting these standards is necessary to accommodate the larger cruise ships which are scheduled to arrive on the West Coast in mid-2008.

### **Recommendation #4: Designate Pier 27 as the Primary Berth**

Designate Pier 27 as the most cost-effective alternative to become the primary cruise terminal and to be designed primarily for home port cruise calls. Recognize that the Advisory Panel has identified only the financial resources necessary to plan and construct a single berth. Acknowledges the necessity of developing secondary berths.

### **Recommendation #5: Commence Development of Primary Berth Design**

Direct Port staff to develop a schematic design and operations plan for the primary cruise terminal at Pier 27. Based on this schematic design, develop a detailed cost analysis of the substructure, superstructure and ancillary area at Pier 27. Invest in a tidal navigation simulation study to develop mitigation strategies as well as other necessary studies as required to achieve a safe and reliable cruise terminal operation.



**Recommendation #6: Develop Primary Berth Financing Plan**

Direct Port staff to prepare a funding plan for a primary cruise terminal that includes use of the Watermark condominium sale proceeds as well as other revenue streams to leverage into a tax-exempt revenue bond. Watermark proceeds may only be available for a primary cruise terminal. Possible sources of revenue may include on-site parking, joint use of the terminal for special events, cruise industry project-related taxes, an increase of cruise passenger fees, and other revenue sources. Undertake a detailed market study of event space, parking and other potential joint uses at Pier 27 that do not impact a primary cruise terminal operation.

**Recommendation #7: Identify Short-Term Secondary Berths**

Explore the feasibility of short-term secondary cruise terminal berth alternatives (e.g., Pier 30-32 and locations in the Southern Waterfront).

**Recommendation #8: Develop Longer-Term Berthing Strategy**

Develop a longer-term cruise berthing strategy that includes a world-class facility befitting of San Francisco and potential sites in the Southern Waterfront area.

**Recommendation #9: Implement Shoreside Power**

Work diligently to provide shoreside power at Pier 27.

**Recommendation #10: Plan Park/Open Space Areas**

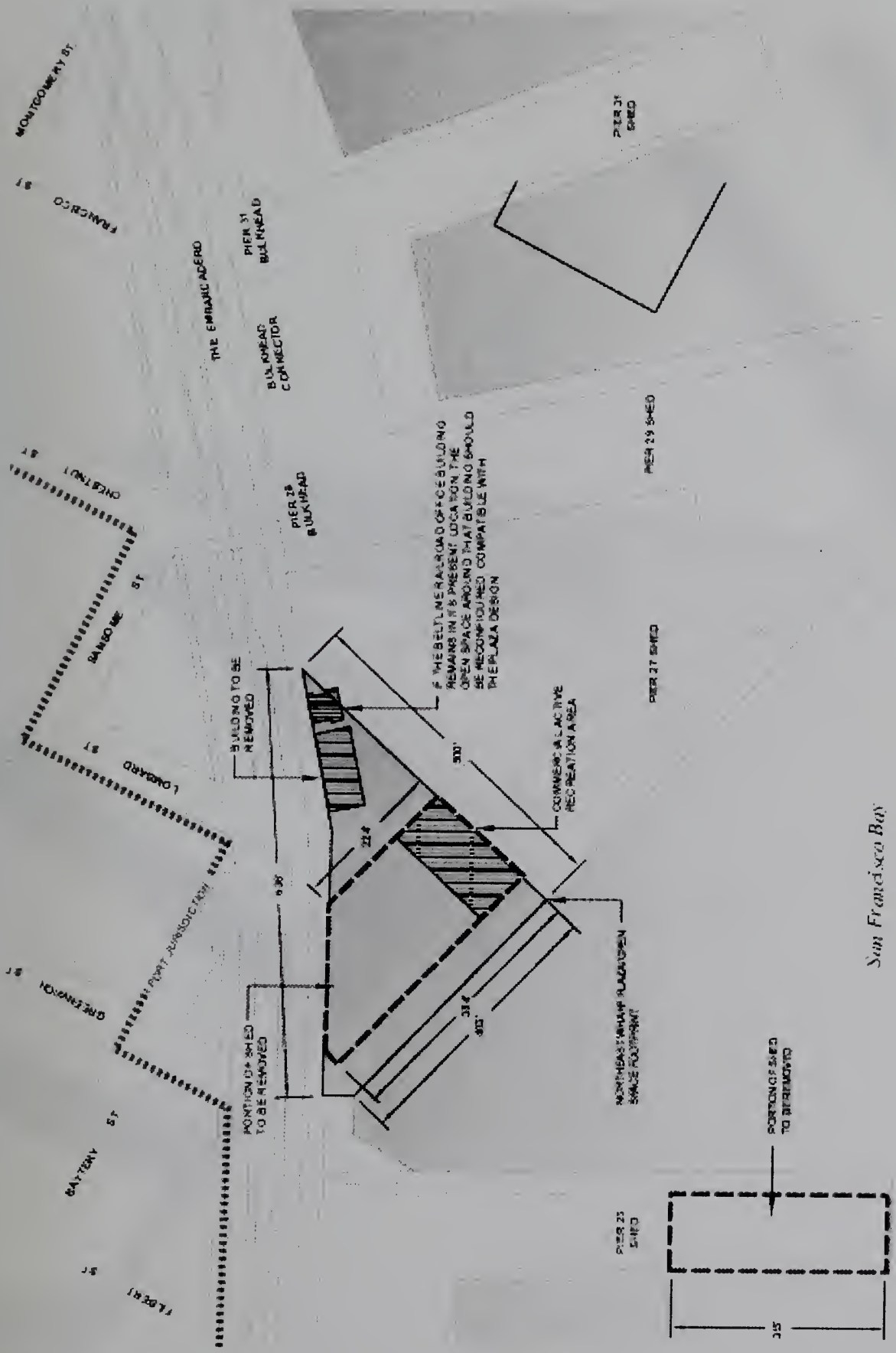
Re-affirm commitments to the Rincon Point-South Beach community to provide park/open space area at Brannan Street/Embarcadero area and to the Northeast Waterfront Advisory Group to provide an open space area associated with approval and completion of a major mixed-use development project at Piers 27-31.

Respectfully submitted,

**Members of the Cruise Terminal Advisory Panel:**

Frankie Lee, former Port Commissioner/SOHA Engineering (chair)  
Steve Falk, San Francisco Chamber of Commerce (vice chair)  
William Adams, International Longshore & Warehouse Union  
Joe D'Alessandro, San Francisco Convention and Visitors Bureau  
Ellen Johnck, Bay Planning Coalition  
Redmond Kernan, RFK Associates  
Bruce Krumrine, Princess Cruises  
John Martin, San Francisco Airport  
Stefano Pinna, Metro Cruise Services  
Ben Rosenfield, City Administrator's Office  
Michael Sweet, McNutt & Litteneker, LLP/Rincon Point-South Beach CAC





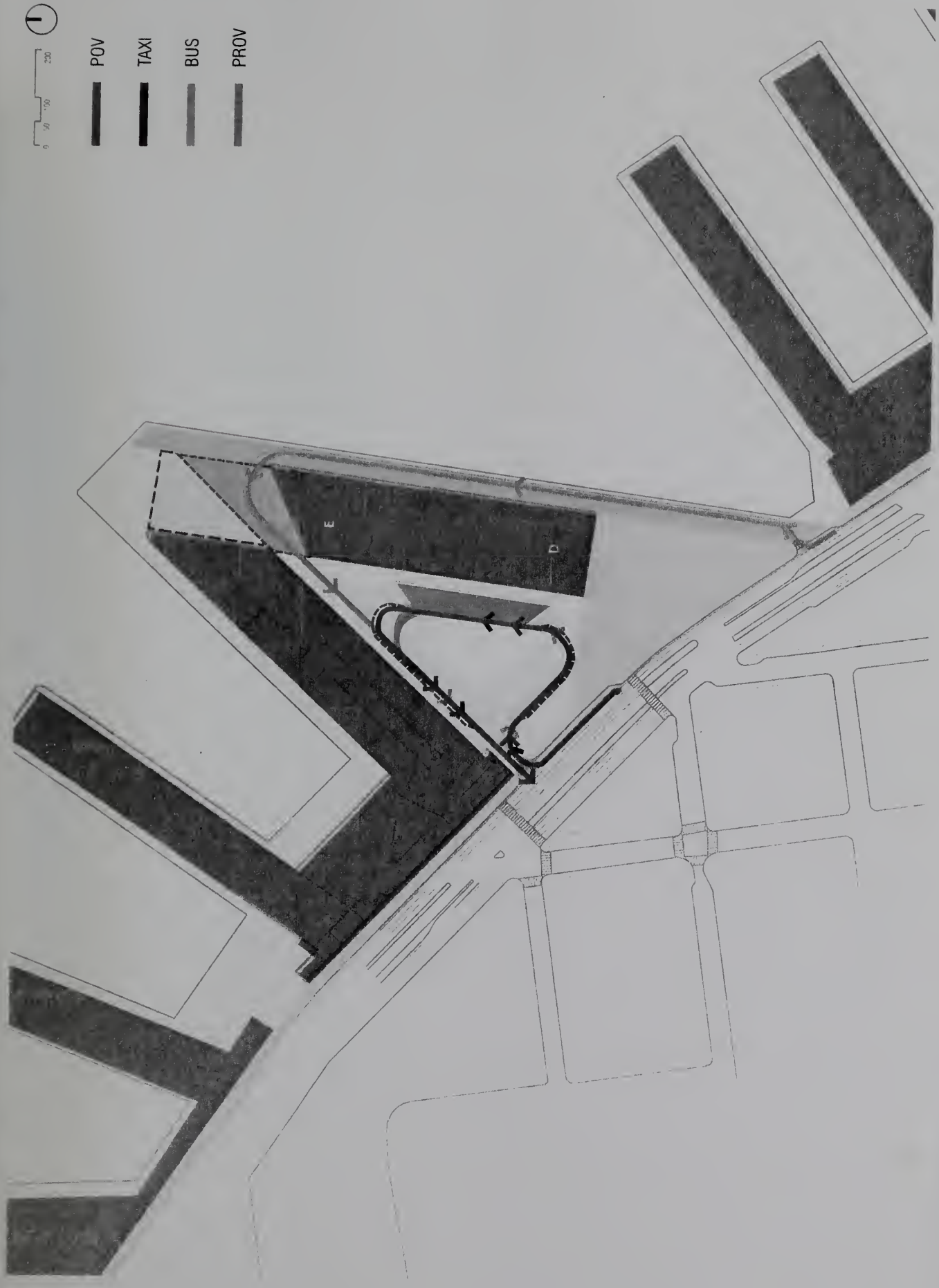
Scale

Northeast Wharf Plaza

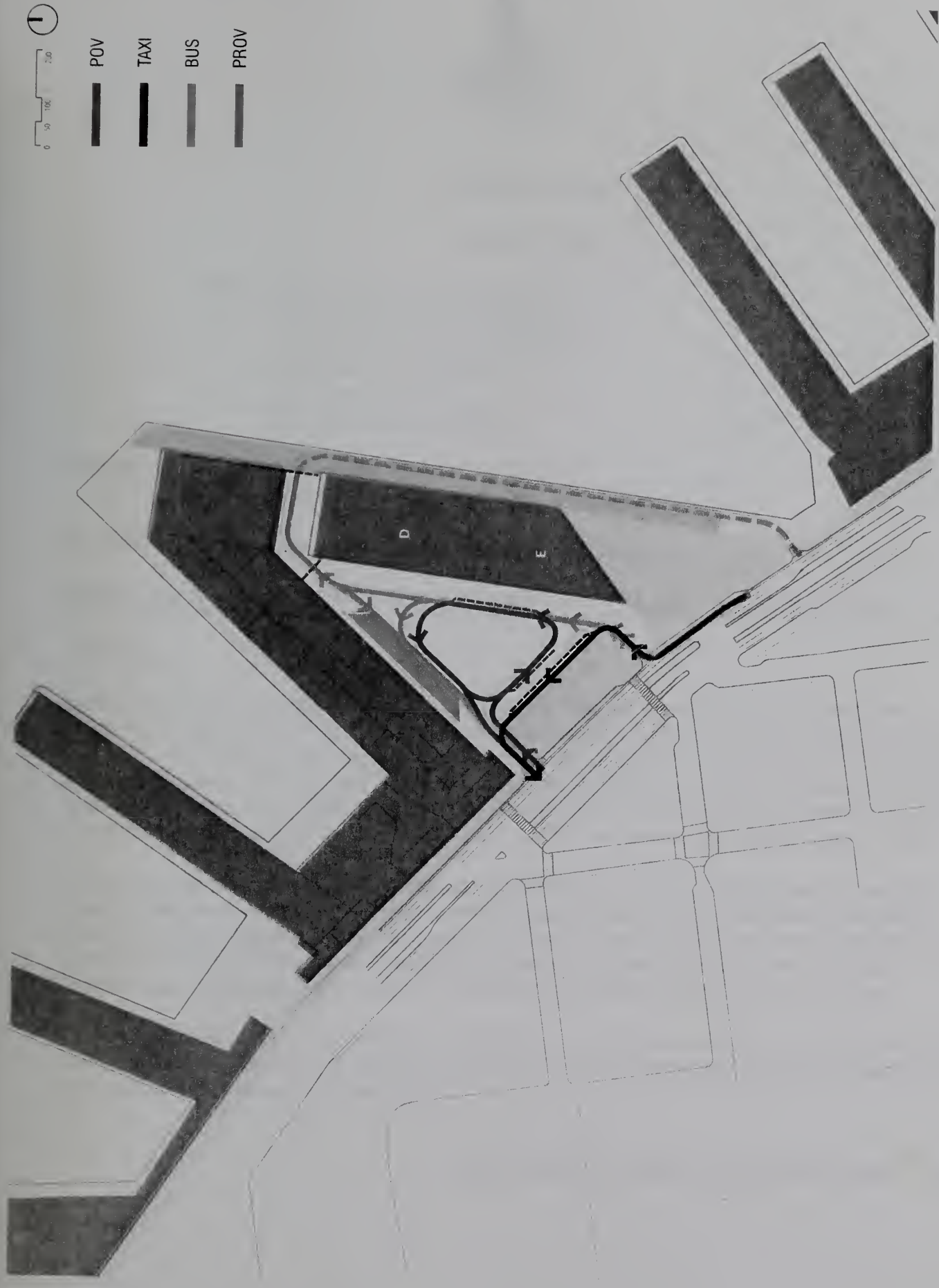
San Francisco Bay











- POV
- TAXI
- BUS
- PROV







## MEMORANDUM

October 22, 2008

**TO: MEMBERS, PORT COMMISSION**  
Hon. Kimberly Brandon, President  
Hon. Rodney Fong, Vice President  
Hon. Michael Hardeman  
Hon. Ann Lazarus  
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Southern Waterfront Planning and Leasing Update

**DIRECTOR'S RECOMMENDATION:** Informational Presentation; No Action Required

### SUMMARY

Under the Port Commission's leadership, Port staff has invested significant time planning and improving the Southern Waterfront area stretching between its cargo terminal and related maritime facilities from Pier 80 to Pier 94-96 ("Maritime Terminal Complex"), bounded by 25<sup>th</sup> Street to the north, and Heron's Head Park and Cargo Way to the south. This area, which straddles the north and south sides of Islais Creek, also includes a substantial amount of industrially zoned land under Port jurisdiction, which has been the focus of a number of Port business and strategic planning efforts.

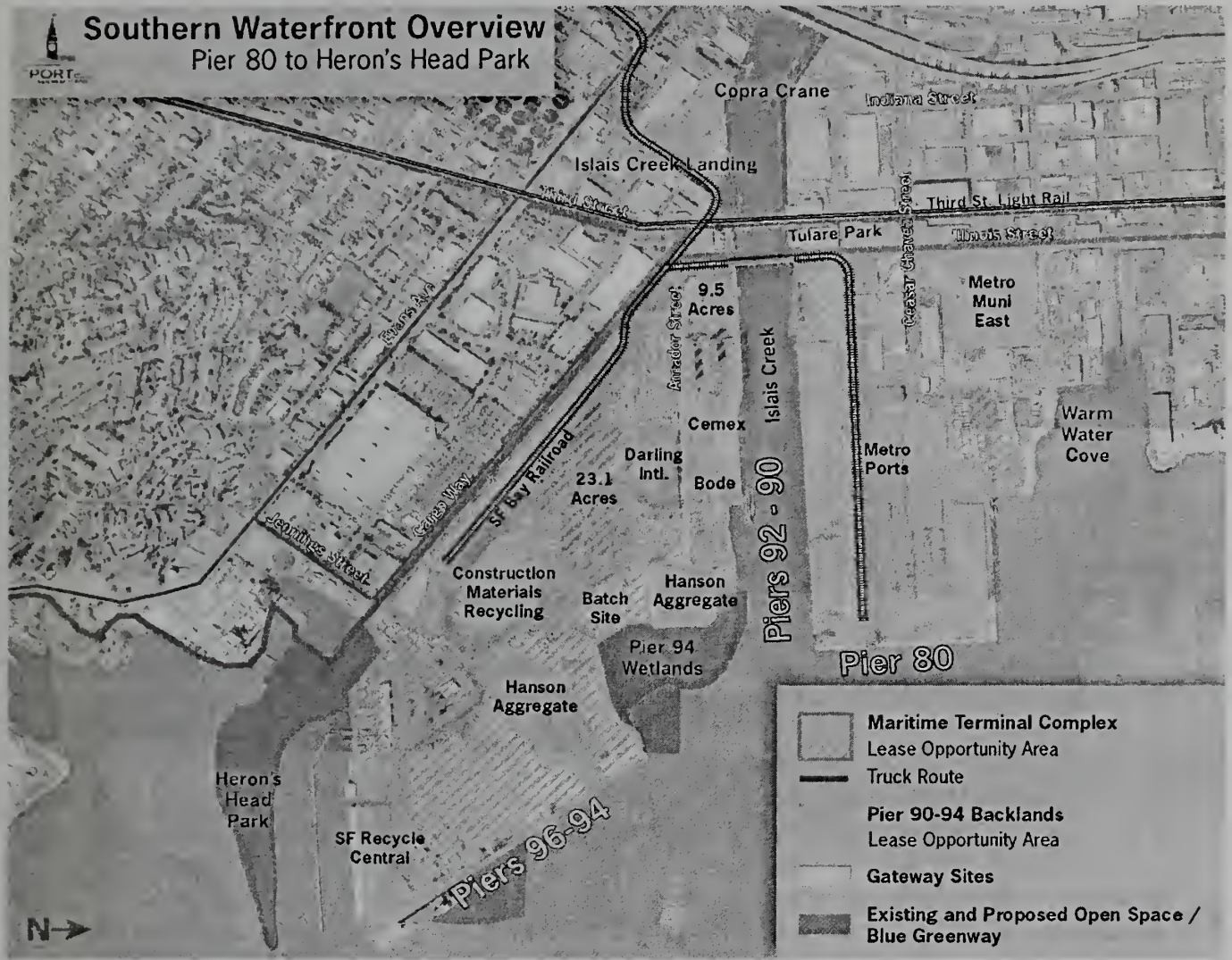
Consistent with the policies in the Waterfront Land Use Plan, the Port Commission and staff have taken an integrated, comprehensive approach to leasing and improving the Southern Waterfront. Planning efforts in the area and specific leasing and capital projects have been informed and shaped by the collective policy and land use issues of the larger Southern Waterfront area. The Port Commission has received periodic updates regarding these efforts during the past few years.

This staff report thus provides an overview and update of major efforts underway or planned for the Southern Waterfront, which are illustrated in Map 1, in order to seek further direction from the Port Commission and feedback from the public.

**THIS PRINT COVERS CALENDAR ITEM NO. 11B**



## MAP 1: SOUTHERN WATERFRONT OVERVIEW



The Port's efforts in the Southern Waterfront are designed to support sustainable economic growth in the area, create jobs for area residents, incorporate eco-industrial principles that promote by-product exchange and optimization of resources between Port tenant and business processes, and integrate green management and public open space improvements in new site improvements. This approach has yielded a number of recent noteworthy accomplishments for the Southern Waterfront that have been welcomed by the Port's Southern Waterfront community:

- **Southern Waterfront Beautification Policy** – On November 13, 2007, the Port Commission adopted its Southern Waterfront Beautification Policy providing for 1) creation of beautification measures to be followed, and community benefits to be provided by, users of the Port's Southern Waterfront property; 2) creation of a Southern Waterfront Community Benefits and Beautification Fund consisting of revenue set aside from the Port's collection of monthly rental from its Southern Waterfront property; and 3) criteria guiding the expenditure of funds set aside in the Fund.





- Illinois Street Bridge – In accordance with the policy objectives of the Port Commission, the completion of this multi-modal bridge over Islais Creek expands freight and industrial truck access to and between the Pier 80 and Piers 94-96 terminals and railyard, as well as new bike and pedestrian access to the waterfront, and traffic relief needed to accommodate the introduction of the Muni Third Street light rail extension to Bayview Hunters Point. The bridge has been well received by a wide variety of users. Maintaining reliable freight rail access to Port lands also has been cited as critically important part to the City's emergency recovery efforts, to provide for moving high volumes of debris and/or transporting in supplies to assist San Francisco in the aftermath of a major earthquake or other catastrophe.
- Request for Proposals (RFP) for Construction Materials Recycling – Through this Port Commission-approved competitive process, the Port is in negotiations with Raisch/Norcal to process and recycle concrete demolition debris abandoned by a former Port tenant, resolving a problem that has been a long-standing concern to the Southern Waterfront Advisory Committee and Bayview Hunters Point community.
- Amador Street Improvements – Pursuant to direction from the Port Commission, the Port constructed an extension to Amador Street connecting to Piers 94-96, creating a paved truck access internal to Port property that reduces truck travel on Cargo Way and Third Street, and mitigates dust emissions previously created by truck movements across unpaved land. Furthermore, the Port has developed a design to implement new landscaping, which also functions as a natural-based stormwater management system. The Port Commission has approved implementation of these stormwater swale improvements which will be completed before the end of 2008.
- Pier 94 Wetlands – In 2006, with funding from the California State Coastal Conservancy and the San Francisco Bay Natural Resources Protection Trust, the Port completed excavation, debris removal and grading to enhance existing and create new salt marsh at Pier 94. The Golden Gate Audubon Society (GGAS) made additional improvement to portions of the high marsh/upland transition zone around the wetlands at Pier 94 to create habitat for a rare plant, "California Sea Blite," that had formerly been abundant but was subsequently endangered within San Francisco Bay. GGAS recently received a grant from "Together Green" to support environmental education for local youth at the Pier 94 wetlands.
- Improvements for Cargo Way – Working with the San Francisco Redevelopment Agency, the Port completed a community planning process to define landscaping and transportation improvements for Cargo Way, to improve bike and pedestrian access along this stretch of the Bay Trail, while also still preserving this street as an industrial truck access route. The conclusions of the Cargo Way Design Study were presented to the public at the April 8, 2008 Port Commission meeting. With this urban design and transportation work completed, the Redevelopment Agency, Port or City will be well-positioned to construct improvements, as funding and approvals are secured.
- Proposition A Public Open Space Bonds - Past work by the Port Commission and staff with the community to identify open space objectives in the Southern Waterfront factored heavily in San Franciscans' approval of Proposition A in February 2008, which will provide \$33.5 million in City General Obligation bond funds for the waterfront. The majority of those





funds, \$22.5 million, is slated for public open space improvements in the Southern Waterfront.

- Darling International Lease Amendment – Darling is a long-standing cargo tenant, conducting exports of tallows and grease to the Pacific Rim. The lease amendment approved by the Port Commission in September 2008 allows Darling to make improvements to also process the fats and grease it collects to produce bio-diesel, to expand San Francisco's efforts to promote alternatives to petroleum-based fuels.

The remainder of this report is composed of the following sections:

- Piers 80-96 Maritime Terminal Complex
- Pier 90-94 Backlands Leasing Approach and Criteria
- Planning for the Gateway Sites
- Improving Public Open Space and Implementing the Blue Greenway
- Recommended Next Steps

### MARITIME TERMINAL COMPLEX

The Piers 80-96 maritime complex at the Port of San Francisco is the City's remaining center for heavy industrial cargo shipping, as designated in the Waterfront Land Use Plan. These cargo facilities also are recognized in the Bay Area Seaport Plan approved by the San Francisco Bay Conservation Development Commission and Metropolitan Transportation Commission. Piers 80 and Piers 94-96 are the Port's largest cargo facilities, handling break-bulk (non-containerized) and bulk (construction aggregate) cargoes, with transportation infrastructure in place to accommodate rail, trucks, and marine vessels. In addition, Pier 92 also functions as a general berthing facility for bulk cargo loading or liquid bulk shipping. To maintain and expand this maritime activity, the Port has invested major funding and resources in multi-modal transportation improvements through the completion of the Illinois Street Bridge and Amador Street extension, and focused on a number of marketing and business opportunities described below:

#### Pier 80 Metro Ports

On July 1, 2008 the Port formally transferred the Pier 80 terminal operations from MTC/Ports America to Metro Ports. Since this transition, Metro Ports has invested its resources in improving terminal operations, and is now handling on average one vessel call per month from the two ship carriers that unload at Pier 80. With the Port, Metro Ports is pursuing expanding the maritime operations at Pier 80 by bringing in additional break bulk and auto cargo. Recent maritime trends analysis predicts that the large west coast Ports will continue to push out these types of cargo for container cargo, and recommends that the Port of San Francisco ready itself to be a recipient for this relocated cargo business. The new Illinois Street Bridge and Amador Street extension should support gaining this business, however, there remains an issue with rail access out of San Francisco for auto cargo. The issue is that the existing tunnels that all cargo trains leaving the Port of San Francisco must travel through do not have sufficient clearance for auto cargo trains. The Port is working to build a coalition with other City agencies to advocate for tunnel improvements to allow for both expanded maritime operations and to respond to the City's emergency recovery needs.



### Darling International Biodiesel Production Facility

As described above, the Port Commission approved a lease amendment to allow Darling International, to expand its operations to produce biodiesel at its facility at 420 Amador Street (Lease L-12090). The lease amendment includes the following provisions for this new use:

- Authorization of biodiesel production as a permitted use under the lease;
- Improved odor control;
- Site beautification;
- Environmental financial assurances and insurance requirements to address potential hazards arising from Darling's industrial operations; and
- Maintenance of a strong maritime connection for the facility

Darling International's facility will be capable of producing high quality biodiesel (ASTM 6751), that will be EPA 211 certified and will seek compliance with BQ-9000 manufacturing standards.<sup>1</sup> Darling International is the Port's largest maritime exporter. In 2007, Darling accounted for 12 vessels trips, exporting 21,731 liquid tons.

### Concrete and/or Asphalt Batching RFP

To maintain and expand the existing bulk cargo business opportunities at Piers 94-96, which supports the City's building materials industry, the Port has expanded its maritime industrial focus to include concrete production facilities which use bulk aggregate products imported through the Port. The Port also has been working with the City to address needs of its public works operations for maintaining streets, which generates an ongoing need for paving products. Similar to Bode Gravel and Cemex, the Port's two concrete batch plant tenants, the City has an interest in co-locating asphalt production closer to the aggregate supply source at Piers 94-96. To this end, in May 2008, the Port Commission approved the Port staff proposal to conduct a competitive solicitation for a five acre site at Seawall Lot 352 for concrete batching and/or asphalt batching for retail distribution, with a bulk maritime component at Pier 94. Port staff continues to coordinate with the City Purchaser and the Department of Public Works to structure this competitive solicitation in a manner that will meet the Port's needs and those of the Department of Public Works. Staff expects to issue this competitive solicitation in November 2008, as previously approved by the Port Commission.

In addition, the Maritime Division has been pursuing a number of other leasing and business opportunities. Port staff will report further details as they develop:

- An auto storage tenant at Pier 80 and adjacent Western Pacific site, which would enable the Port to develop maritime auto carrier business;
- An export bulk maritime tenant for Pier 96 that would generate two vessel calls per month and use of the adjacent on-dock rail facilities alongside Cargo Way.
- A potential marine fueling station, including biodiesel, in the southern waterfront. Several locations are being considered, and a tenant survey is being conducted to determine the demand for the fueling station for both marine vessels and trucks.

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<sup>1</sup> To receive BQ-9000 accreditation from the National Biodiesel Accreditation Program, Darling must pass a rigorous review and inspection of its quality control processes by an independent auditor to ensure that quality control is fully implemented.





## PIER 90-94 BACKLANDS

The Pier 90-94 Backlands is a 44 acre site inland of the Pier 90 (condemned), Pier 92 and Pier 94-96 berthing and cargo facilities, and concrete batch facilities, as shown in Map 1. Over the past several years, the Port has been working with the community to identify and analyze the feasibility of various land use choices for the Backlands. In 2003, the Port sponsored a community planning process, which defined a preferred program of improving the area for light industrial warehouse with integrated sustainability measures and site improvements, which underwent economic and engineering feasibility analysis. Those studies concluded that the cost of such improvements could not be financed based on the then-current market rents of the prospective uses. Accordingly, the Port engaged in a June 2007 community workshop involving the Port's Southern Waterfront Advisory Committee and Maritime Commerce Advisory Committee to identify a range of other uses for the Backlands. A copy of June 2007 staff report is contained in Appendix A.

In addition, in early 2008, the Port sponsored the National Association of Industrial and Office Properties, San Francisco Chapter's 19<sup>th</sup> Annual Real Estate Challenge focused on development options for the Port's Piers 90-94 Backlands. Master of Business Administration (MBA) student teams from the U.C. Berkeley Haas School of Business (UC Berkeley) and the Stanford Graduate School of Business participated in the challenge. Through interviews with area stakeholders, real estate experts and independent resources, both teams provided independent perspectives and recommendations about what the Port could consider for the Backlands. Their analyses provided useful background information on the site, validated previous market studies, and synthesized the issues, constraints and opportunities for future development.

Both teams recommended job-readiness centers and biofuel gas stations on the site as synergistic use with the eco-industrial park concept, and to address tenant and community desires. Both teams concluded that (without significant capital investment) the Port could generate revenue at the site with low-impact, interim industrial uses. The Berkeley students proposed the following interim lease use: taxi parking, additional self storage, towing parking/storage, and concrete crushing/recycling. The Stanford students proposed the following interim uses: vehicle storage, a storage yard for incoming cargo, as well a potential golf driving range.

Notwithstanding the conclusions of the Port's 2003 analyses, the Port is pursuing the improvement of the Backlands, consistent with the community discussions in 2007. These efforts support the Port and community objective to achieve uses and relationships between businesses that realize "eco-industrial" principles of shared and/or integrated uses that minimize waste and environmental impacts. A current review of these Backlands leasing efforts are summarized below, which will continue to be the subject of community meetings and discussions.

### Eco-Industrial Park Uses

The Port is fostering eco-industrial uses at Piers 92-96 and the Backlands by co-locating and attracting tenants that are consistent with the concept and compatible or synergistic with the area's surrounding uses. The concept of an eco-industrial park is to co-locate industrial uses to enable byproduct exchange, optimize resources, and incorporate green design and green technologies on site to foster resource recovery and reduce industrial environmental impacts.

For example, Hanson Aggregate imports sand and aggregate by vessel at Pier 94, which is then used by Bode and Cemex to create concrete. Both Bode and Cemex use recycled water on site in their



concrete production, and manage run-off through stormwater swales. Darling Delaware renders tallow for transshipment, and will soon expand to convert area restaurant grease into biodiesel to be used in its fleet as well as to meet growing City demand. SF Recycle Central sorts, consolidates, and packages the City's recycled waste for transshipment.

#### Construction Materials Recycling Center – SWL 352

In October 2007, the Port Commission authorized Port staff to issue a request for proposals for a leasing opportunity for five acres of Backlands, upland of Pier 94, to operate a construction materials recycling facility specializing in processing of demolition concrete and related construction materials and to assist the Port with the processing and disposal of approximately 120,000 tons of material abandoned at the site by a former Port tenant ("Existing Stockpile"). The competitive solicitation process conducted by Port staff indicates that there is a strong local market for concrete and asphalt recycling associated with the construction industry. The Existing Stockpile has been a long-standing concern of the Southern Waterfront Advisory Committee. Residents are concerned about dust from the stockpile and the visual impacts of the debris.

In February 2008, the Port Commission authorized Port staff to enter into exclusive negotiations with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. ("Raisch/Norcal"). Port staff is currently negotiating a potential lease with Raisch/Norcal for consideration by the Port Commission in Fall 2008.

If the Port concludes successful negotiations with Raisch/Norcal, the Construction Materials Recycling Center would crush the Existing Stockpile into a fill product, which would be stored for sale to the private market (on behalf of the Port), or, as discussed in more detail below, for use to reinforce the remaining unleased portion of the Backlands prior to leasing.

The Construction Materials Recycling Center would also accept new concrete and asphalt debris for recycling into a variety of construction products (fill, base rock, recycled aggregate and sand for new, non-structural concrete and/or asphalt, etc.). The adjacent Bode and Cemex concrete batch plants are likely additional sources of feedstock for the facility (waste or plastic concrete often returns to these facilities from job sites), and possible purchasers of recycled sand and aggregate.

#### New Backlands Leasing Opportunities

After accounting for acreage programmed for the Amador Street extension and the potential Raisch/Norcal lease discussed above, there are approximately 23 acres of unleased space remaining in the Piers 90-94 Backlands. This area represents the single largest untapped revenue source for the Port as it contemplates issuing new revenue bonds to finance its capital program. As described in Appendix A, prior market and feasibility research indicates that it will be difficult (if not impossible) to construct privately-financed structures on the much of Backlands, even with the investment of tax increment arising from such development.

One possible exception to this analysis could be a freight logistics campus on portions of the Backlands that is tied into airport or navigation commerce. Freight logistics companies, such as DHL or Federal Express, are consistent with uses allowed under the Burton Act, so it is conceivable that the Port could lease to companies such as those, or agencies like the U.S. Postal Service. Such uses typically demand higher rents, due to their need for easy access to major truck routes.





Based on practical leasing experience to date, it is more likely that the Backlands could be leased for interim purposes for non-trust uses such as construction laydown, marshalling, auto storage, self-storage, or nursery operations. These are all uses that do not require building pile-supported structures. Alternately, portions of the Backlands could be leased for the types of eco-industrial uses that have been successfully constructed in the area (e.g., batching operations, proposed biofuels production, etc.).

To improve the Backlands for future leasing, provide increased economic development opportunities and jobs for the Southern Waterfront community, and beautify the site consistent with the Port Commission's Southern Waterfront Beautification Policy, the Port must make strategic, cost-effective improvements to the remaining Backlands. Such improvements will best position the Port to capture these long-term or interim leases. These site improvements could yield approximately 19 acres of new leasable space; based on the low end of the Port's approved parameter rent rate schedule, this area could yield approximately \$2.5 million annually in additional rent to the Port.

#### Backlands Environmental Regulatory Agency Approvals

Much of the remaining Backlands area is a former landfill, which has not been formally closed and is under the regulatory purview of the San Francisco Regional Water Quality Control Board (RWQCB) and is regulated under Waste Discharge Requirements (WDR) issued by the RWQCB. The California Integrated Waste Management Board and its local implementing agency, the City and County Department of Public Health, and the Bay Area Air Quality Management District may also have regulatory jurisdiction over certain activities associated with any proposed new land uses in this area.

Due to these unresolved regulatory issues, Port staff plans to bring a proposed plan for regulatory agency review of this portion of the Backlands to the Port Commission for its consideration and to seek public comment. If approved by the Port Commission, Port Planning and Development and Real Estate staff will manage the project.

Port staff proposes to meet with the RWQCB and other applicable regulatory agencies to negotiate landfill closure requirements based on proposed site improvements (see below) and possible land uses within the currently regulated area, and based on site characterization or management requirements applicable outside of the currently regulated area. Such requirements are likely to include (but may not be limited to) adoption of a risk management plan for protecting construction workers and future site occupants; soil, groundwater and waste management procedures, and restrictions or conditions on allowable future uses and facility design (if necessary). Provided that no further environmental investigation is required, the cost for initial regulatory agency coordination and preliminary "post-closure" land use and risk management plan is estimated at approximately \$50,000. Should any of the agencies with jurisdiction require further site investigation, project costs would increase accordingly.

#### Backlands Engineering and Permitting

The unleased portion of the Backlands site is uneven terrain which requires application of fill material and grading for leveling. The site is subject to differential settlement over the underlying landfill area. *To support new leasing of any type*, new roads, utilities and natural based storm water management are required for the site. Such construction work requires clearance pursuant to the California Environmental Quality Act, RWQCB permits (discussed above) and Port encroachment permits.





The Port conducted conceptual engineering design of this proposed site-preparation project using KCA Engineers. Subject to Port Commission direction and approval, the next step is for the Port to develop a detailed design. To assist the Port Commission in evaluating this approach, Port staff is requesting a cost estimate for an engineering design service proposal from the City's Department of Public Works to develop construction documents, which would include engineering plans, specifications and an engineer's estimate for construction. Design services would include geotechnical, street and site grading, driveway paving, hydraulic, landscape architect, mechanical and electrical engineering.

The proposed construction project would improve a total of 23 acres, approximately 20 acres of which would become available for leasing. As a means of value engineering the project, and subject to Port Commission approval of a lease for Construction Materials Recycling at SWL 352 and appropriate materials testing protocols, Port staff proposes to use fill material made from existing concrete debris material currently stored on the Backlands.

Port staff proposes to return to the Port Commission with a detailed project budget and timeline for its consideration. If approved by the Port Commission, Port Engineering will manage the advertisement and construction of the project. Appendix B contains a sample aerial view of the Backlands improved in this manner.

#### Backlands Leasing Criteria

If the Backlands can be improved in the manner outlined above, the Port will begin marketing the unleased portion of the site. Future leases in the Backlands area will be subject to environmental review, the Port's Southern Waterfront Beautification Policy, review by the Southern Waterfront Advisory Committee and approval by the Port Commission. Port staff will employ the following criteria to evaluate leasing opportunities:

- Level of market and community support
- Consistency with area land use controls (public trust and local zoning)
- Financial return
- Financial feasibility
- Physical site improvements (as provided by the Southern Waterfront Community Benefits policy)
- Number and type of jobs created
- Environmental impacts and benefits
- Regulatory impact
- Compatibility and/or synergy with existing uses in the area
- Utilization of the Port's multi-modal transportation infrastructure
- Capital investment

The Port Real Estate Division is currently experiencing a steady demand for unimproved and paved land in the Backlands and greater Southern Waterfront for various uses such as: construction lay-down space, general storage uses, and truck trailer parking and storage. These interim uses typically command rents of between \$0.26 - .030 per square foot per month. Terms are usually from one to five years. Examples of leases both recently signed and under negotiations include; Affordable Storage for 20,000 square feet at Seawall Lot 349; Black and Vetch for 100,000 square feet at Pier 94; San Francisco Opera for 16,000 square feet at Pier 96; and Goodwill Industries for 29,000 square



feet of interior shed space and 50,345 square feet of exterior yard space at Pier 50. There is strong demand to locate a truck marshalling yard in the Southern Waterfront to support the transportation activities related to the Moscone Convention Center. This operation requires 100,000 to 300,000 square feet of preferably paved land (although a treated compacted rock surface is acceptable).

Port staff will seek Port Commission direction and input from the Southern Waterfront Advisory Committee regarding leasing options prior to marketing the site.

### PLANNING FOR THE GATEWAY SITES

In concert with the business plans for its maritime and Backlands site, the Port's Southern Waterfront planning includes three Gateway Sites designated by the Port Commission to serve as catalysts for economic development and community beautification (see Map 1 above). The Gateway Sites, described further below, are located at central nodes that take advantage of the new multi-modal transportation improvements in the area, including the Third Street light rail, Illinois Street Bridge, and planned Cargo Way improvements. In addition, the Gateway Sites are envisioned to provide uses that link the existing and proposed open space improvements in the Southern Waterfront. In 2009, the Port Planning Division will seek policy direction from the Port Commission regarding a community planning process for the development of these sites, including visioning workshops, to solicit input from public and private stakeholders, including other City agencies, and to develop guidelines for development. A brief description of these sites follows:

Third Street and Cargo Way Gateway. This site is located at Third Street and Cargo Way, the gateway to Bayview Hunters Point, just south of the San Francisco Fire Department station on the south side of Islais Creek. It is also adjacent to the southern approach to the Illinois Street Bridge, and has access to utilities.

Cargo Terminal Gateway. This site is positioned just west of the entry to Pier 96 Terminal and Heron's Head Park. The site directly abuts the Intermodal Container Transfer Facility (ICTF). The site is approximately 80,000 square feet, has connections to all utilities, and one commercial building that has a total area of approximately 3,210 square feet. The Real Estate Division has determined, however, that this building is not suitable for releasing without significant tenant improvements.

Islais Creek Gateway at Seawall Lot 354. The site is located on the north side of Islais Creek, bounded by Indiana, Marin, and Tennessee Streets, and is the most improved of the Gateway Sites. The site is approximately 94,487 square feet, and has a 25,100 sq. ft. structure referred to as the Marine Street Warehouse with full utilities, currently leased to the San Francisco Municipal Transportation Agency (Muni). The site is adjacent to existing creek side public access developed by the San Francisco Public Utilities Commission.

### WATERFRONT OPEN SPACE AND THE BLUE GREENWAY

The Port has invested much time to identifying and planning for public open space improvements in the Southern Waterfront. With its waterfront setting and location near or along the San Francisco Regional Bay Trail, there is much community interest in creating unique, safe places for recreational enjoyment of San Francisco Bay. Within the Pier 80 to 96 area, staff is currently working to improve Tulare Park on the northern shore of Islais Creek adjacent to the Illinois Street Bridge;

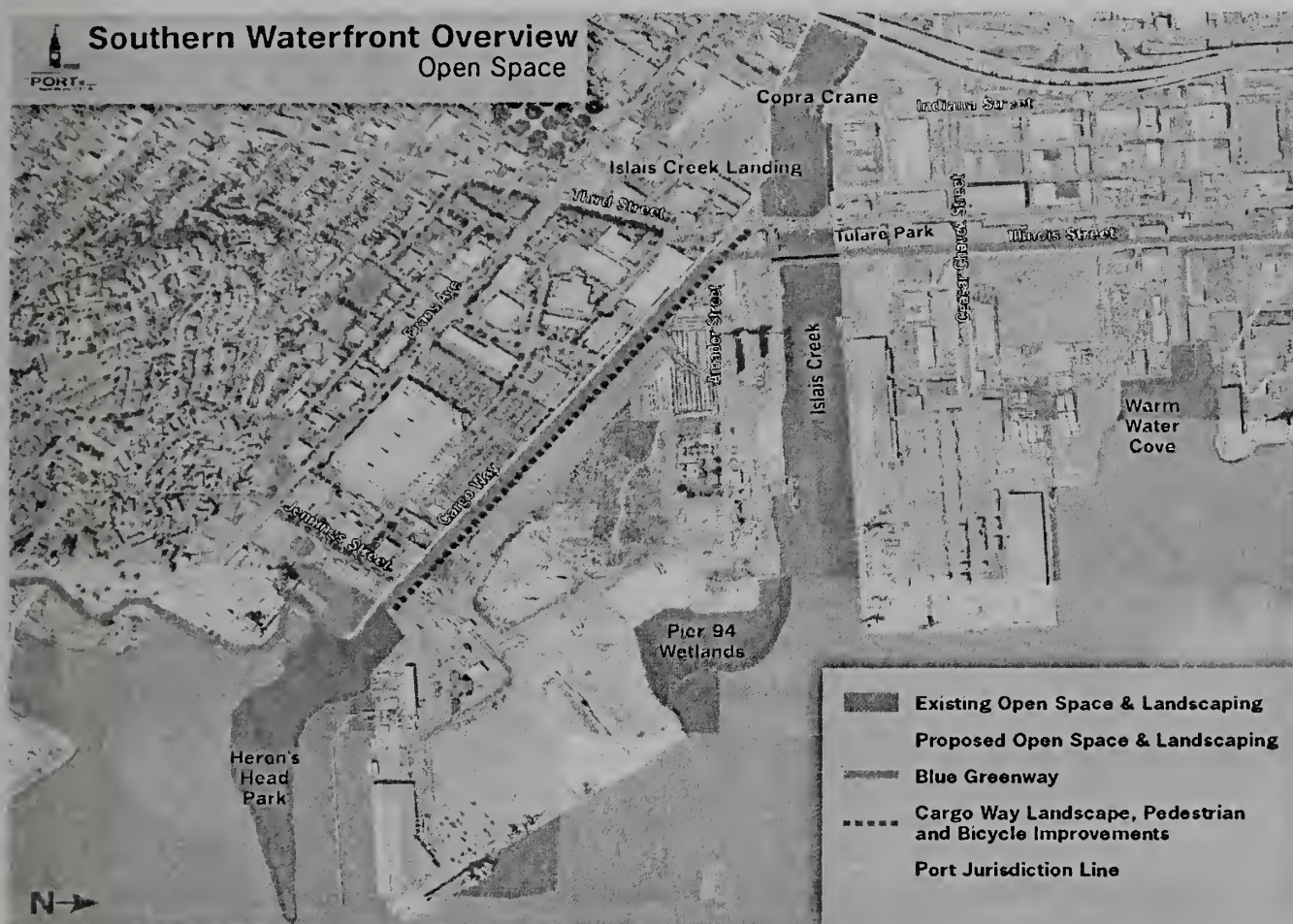




create an improved entry for Heron's Head Park; and develop the Blue Greenway Design Guidelines.

The Blue Greenway project is an outgrowth of the City's effort to extend the Bay Trail through the Southern Waterfront, integrated with opportunities for direct connections with the Bay, and to promote use and stewardship of a connecting open space system. The Blue Greenway extends from Mission Creek/China Basin at the north end, to the City and County line on the south. The Neighborhoods Parks Council and SPUR initiated the Blue Greenway concept, culminating in the creation by Mayor Gavin Newsom of the 2006 Blue Greenway Task Force, which supports the Port's lead role in implementing Blue Greenway improvements.

## MAP 2: SOUTHERN WATERFRONT OPEN SPACE FEATURES



Based on this work, the Port incorporated the Blue Greenway as a major component of Proposition A, the Clean & Safe Neighborhood Parks General Obligation Bond, approved by San Franciscans in February 2008. Of the \$33.5 million approved for the Port of San Francisco waterfront parks and open space, \$22.5 million is designated for improvements along the Blue Greenway, and development of Blue Greenway Design Guidelines. The Heron's Head entry park improvement is the first construction project to expend Proposition A funds, which is anticipated to be designed in early 2009, and improved in Fiscal Year 2009/10.



The Blue Greenway Design Guidelines will set forth design solutions and criteria for further improvements on Port property, as well as for use by other entities in Blue Greenway work on non-Port lands. The Guidelines will include a) signage and way-finding graphics (including a logo or identity), b) educational or historical information, c) public art, d) site furnishings, e) trail and pathway types and paving materials and f) alternatives for programming of planned open spaces that may influence design considerations. They will be applied to open space improvements in new and existing parks, as well as to create connections to open spaces. The scope of this planning effort also will include prioritizing projects and schedule for improvements.

Development of the Blue Greenway Design Guidelines will require community workshops and an outreach process. Staff will develop for Port Commission direction a proposed schedule and work program, which may include interagency working groups to provide governmental and technical expertise.

### NEXT STEPS

As reflected in this report, there are many discreet but inter-related activities underway to improve the Port Southern Waterfront for business, open space and community benefit. Port staff will continue its ongoing maritime and general real estate marketing efforts, and recommends the following next steps:

1. Seek comments, ideas and concerns from the Port Commission today;
2. Present this report to the SWAC to solicit comments and build support for the Port's strategy for the Southern Waterfront;
3. Meet with members of the Board of Supervisors to update them on the Port's improvement efforts for the area;
4. Provide a follow-up briefing to the Port Commission and public regarding feedback to date and the proposed regulatory and engineering requirements to improve and lease the remaining unleased portion of the Backlands;
5. Provide to the Port Commission and public for their review a specific team work program and schedule to develop the Blue Greenway Design Guidelines and prioritized program for further open space improvements in the Southern Waterfront; and
6. Provide to the Port Commission and public for their review a specific work program and schedule to produce land use and development strategy for the Gateway Sites.

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## APPENDIX A

### THE PIERS 90-94 BACKLANDS LEASING AND DEVELOPMENT ORIENTATION JUNE 2007



**Figure 1: The Pier 90-94 Backlands with a Pile of  
Mixed Asphalt and Concrete Left by a Former Tenant.  
The Port Plans to Remove the Pile this Year.**

#### Introduction

In 2003, the Port sponsored a community planning process with its Southern Waterfront Advisory Committee, Maritime Commerce Advisory Committee and representatives of the Southeast community to determine long term uses for the Piers 90-94 Backlands. This effort yielded a preferred alternative of 740,000 square feet of single-story, warehouse/light industrial space with natural based stormwater management and community benefits in the form of economic development opportunities, landscape improvements and passive open space.

Associated engineering and economic analysis concluded that due to unusual site conditions on this former landfill, the new warehouses would require costly pile supported foundations. The preferred alternative could not be financed based on then-current market rents for these types of uses. Based on these conclusions, the Port did not conduct a request for proposals for development of the preferred alternative.





The Port is emerging from a several year period of litigation arising from the bankruptcy of a former rock crushing tenant and the abandonment of more than 100,000 tons of waste concrete and asphalt on the Backlands site.

To return this property to productive use, Port staff and representatives of the Port Commission have arranged to consult with the Port's Maritime Commerce Advisory Committee (MCAC) and Southern Waterfront Advisory Committee (SWAC) and members of the Southeast community in order to gain feedback regarding potential leasing and development options for the Backlands.

This report provides background information necessary to inform the public discussion of these potential leasing and development options.

## Port 10 Year Capital Plan

Since the Port conducted the 2003 planning process, the Port has developed a 10-year Capital Plan. The Capital Plan identifies the cost of bringing the Port into basic compliance with health, safety, seismic and ADA regulations, as well as fulfilling waterfront open space needs, with total costs projected at \$1.5 billion.

Table 1 below shows highlights of the Capital Plan that are particularly relevant to the discussion of the Backlands.

| <b>Table 1: Port of San Francisco 10 Year Capital Plan<br/>Southern Waterfront Highlights</b> |                               |                           |   |
|---|-------------------------------|---------------------------|---|
| <b>Area</b>   | <b>Estimated Capital Need</b> | <b>Identified Funding</b> | <b>Source of Identified Funding</b>           |
| Pier 50   | \$57 Million                  | \$27 Million              | Revenue Bonds                                 |
| Pier 70   | \$323 Million                 | \$75 Million              | Possible infrastructure financing district    |
| Pier 80   | \$93 Million                  | \$26 Million              | Revenue Bonds                                 |
| Pier 90-96  | \$42 Million                  | \$0                       | Possible Revenue Bonds                        |
| Rail Improvements   | \$23 Million                  | \$0                       | Possible state infrastructure bond            |
| Blue Greenway   | \$8 Million                   | \$0                       | Possible funding through City Open Space Bond |
| Crane Cove Park   | \$15 Million                  | \$0                       | Possible funding through City Open Space Bond |
| <b>Southern Waterfront Subtotal</b>   | <b>\$561 Million</b>          | <b>\$128 Million</b>      |   |
| <b>Entire Port</b>  | <b>\$1.5 Billion</b>          | <b>\$491 Million</b>      |   |

Many of the Capital Plan projects for the Southern Waterfront are required to maintain the Port's core maritime business lines, or, in the case of the Pier 50, the Port's own maintenance facility. With the major exception of Pier 70, the Port's Capital Plan proposes to fund much of the work in the Southern Waterfront with Port revenue bonds. In order to issue revenue bonds in sufficient amounts, the Port will need to substantially increase its annual revenues.

The Internal Revenue Code allows issuance of tax exempt bonds for docks and wharves which has been interpreted to mean maritime-serving facilities. At the Port of San Francisco, Pier 80 is



## Backlands Site Overview

**Geotechnical Characteristics:** Most of the Backlands site is a former landfill containing a variety of debris extending to as much as 30 feet below the present ground surface. Soft bay mud and sand deposits then underlie the landfill. The bay fill condition of the Backlands requires that a number of geotechnical issues be considered in assessing the feasibility of project alternatives, including most notably the total and differential settlement due to consolidation, settlement of landfill debris, and liquefaction.

[illegible]





**Zoning and Regulatory Overlay:** City zoning for the site is M-2, 40'-X. According to the Planning Code:

"the M-2 [Heavy Industrial] Districts are more suitable for larger industries served by rail and water transportation and by large utility lines. In M-1 Districts, most industries are permitted, but some with particularly noxious characteristics are excluded. The permitted industries have certain requirements as to enclosure, screening and minimum distance from Residential Districts.

"[M-2] districts are the least restricted as to use and are located at the eastern edge of the City, separated from residential and commercial areas. The heavier industries are permitted, with fewer requirements as to screening and enclosure than in M-1 Districts, but many of these uses are permitted only as conditional uses or at a considerable distance from Residential Districts."

The maximum height for buildings in the Backlands site is 40 feet (industrial equipment may exceed 40 feet). The site is former tide and submerged land, and is therefore encumbered by the public trust.

The Bay Conservation and Development Commission and Metropolitan Transportation Commission Seaport Plan (published in 1996 and last amended in 2003), designates the Piers 94-96 Cargo Terminal as an active container terminal, Pier 90 as an inactive dry bulk terminal and Pier 92 as an active liquid bulk terminal. Much of the Backlands Site is excluded from the Seaport Plan, as shown in Figure 3 below.

**Figure 3: BCDC and MTC Seaport Plan  
Piers 90-96, the Intermodal Container Transfer Facility and the Backlands**

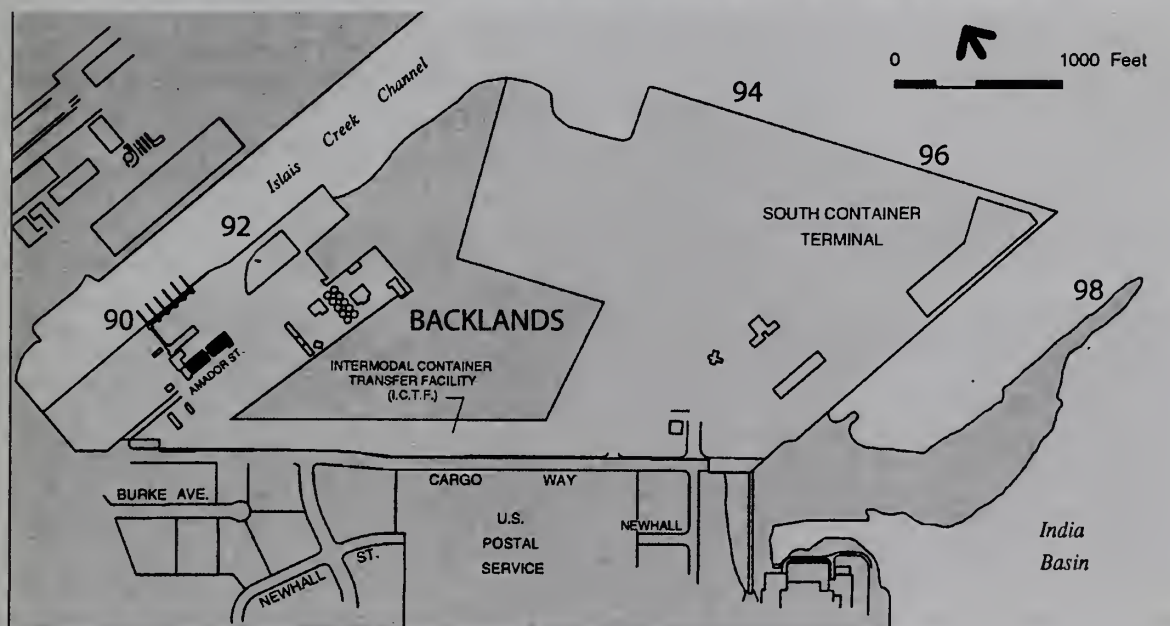


Figure 9: Port of San Francisco Piers 90 - 96

**Key: Green = Maritime reserve in Seaport Plan; Grey = Excluded.**



**Transportation:** The site enjoys some of the best industrial, multi-modal transportation access in San Francisco. It enjoys easy truck access via the soon-to-be completed Illinois Street Bridge to Cesar Chavez Street and U.S. 101/I-80 and I-280. The site is adjacent to the Intermodal Cargo Transfer Facility and will enjoy direct freight rail access to the Caltrain Joint Powers Board/Union Pacific line. Water access is available via the adjacent Piers 90-96 Cargo Terminal. Employees and customers can access the site easily along the new T-Line (3<sup>rd</sup> Street Light Rail).

## California Environmental Quality Act

On February 1, 2001, the San Francisco Planning Commission certified the San Francisco Southern Waterfront Supplemental Environmental Impact Report (SEIR) analyzing a series of development proposals (including the Illinois Street Bridge) and their environmental impacts and setting forth mitigations to environmental impacts and methods to monitor mitigation efforts.

The main uses analyzed by the SEIR included shipping, processing and storage of sand and aggregates, concrete and asphalt batching, recycling operations, and bus storage against a backdrop of existing maritime uses (such as container, liquid and dry bulk and breakbulk operations) and rail operations. The SEIR also incorporated potential future expansion of shipping, dredge material handling and conceptual development options at Pier 70 and on the Piers 90-94 Backlands. The "horizon year" for the SEIR is 2015. The Port has since produced several addenda to the SEIR analyzing a variety of lease proposals. Table 2 below shows the major impacts identified by the SEIR and related mitigations.

| Table 2: Southern Waterfront SEIR Impacts and Mitigations  |   |
|--|---|
| Type of Impact   | Mitigation Measures   |
| <b>Transportation:</b> Level of Service (LOS) impacts at various intersections in the study area   | Construction of the Illinois Street Bridge; lane restriping or reconfiguration, signal installation or reconfiguration, and roadway redesign in various locations; initiation of Transportation Demand Management Programs for major developments   |
| <b>Air Quality:</b> Particulate emissions (PM-10), NOx, ROG, carbon dioxide, sulfur dioxide, and fugitive dust   | Maintaining moisture levels in sand and gravel piles; installation of Best Available Control Technology (e.g., filters); encouraging use of low or zero emission vehicles and low emission and alternative fuels; lease caps on volume production of concrete or asphalt batching facilities; mandatory reporting; watering and sweeping of roads; covering truck loads; installation of wheel washes   |
| <b>Hydrology and Water Quality:</b> Stormwater runoff, wastewater flows, and discharge of decant water to Bay from dredge material handling  | Compliance with Regional Water Quality Control Board and NPDES requirements; development of a Stormwater Pollution Prevention Plan and implementation of Best Management Practices including erosion and sediment control requirements; prohibiting release of process water from batch plants or concrete washout from trucks to the Bay; lease requirements to pre-treat stormwater runoff before discharge to Bay; street sweeping; containment measure for fuel, asphalt cement and other hazardous materials; grease and sediment traps; settling tanks for batching facilities; pretreatment of decant water before discharge to Bay (if testing indicates the need); observance of federal and state regulatory requirements |
| <b>Hazardous Materials:</b> Potential release of haz mats or petroleum products, possible worker or public exposure to soils, groundwater contamination, asbestos, lead-based paint, PCBs and fluorescent lights | Compliance with fuel storage tank regulations; compliance with the Maher Ordinance, including proper soil disposal; compliance with regulations during rehabilitation of buildings  |





**Table 2: Southern Waterfront SEIR Impacts and Mitigations**

|   |  |
|---|--|
| <b>Biological Resources:</b> (During construction) turbidity, interference with feeding and respiration of organisms, smothering of larvae, or impacts on herring spawning, and loss of habitat for clams and tubeworms | Sediment analysis, limit construction/localized dredging to period between March 1 and November 30 |
|---|--|

The SEIR is still a relevant analysis of industrial activity in the Port's southern waterfront, but surrounding development and new environmental analysis may change the setting sufficiently so as to require new study of environmental impacts.

### Existing Uses of Pier 90-96 Terminal

The Port and its tenants handle dry and liquid bulk cargoes at the Pier 90-96 complex. While Pier 90-96 is technically designated as a container terminal in the BCDC Seaport Plan, the true nature of the terminal was defined in 1999 with the (then) British Pacific lease of Pier 94 for import of aggregates commencing in 2000 (British Pacific later sold its leasehold interest to Hanson Aggregates Mid-Pacific). Water access for import of these materials provided a beneficial alternative to import of raw materials such as sand and aggregates for batching of concrete by truck.

Later, the Port negotiated leases with Bode Gravel/Mission Valley Rock and RMC Pacific Materials (recently acquired by Cemex, the world's largest concrete supplier), allowing existing concrete batching plants in Mission Bay to eventually relocate to make way for planned commercial/residential development. Table 3 below shows the significant long-term, trust-consistent leases in the area:

**Table 3: Port of San Francisco Major Long-Term Tenants  
Piers 90-96 and Backlands<sup>1</sup>**

| Company Name                      | Location | Use                 | Sq. Ft. | Started | Expires |
|-----------------------------------|----------|---------------------|---------|---------|---------|
| Bode Gravel Co & Allied Ready Mix | SWL 344  | Parking             | 47,025  | 2003    | 2008    |
| Bode Gravel/Mission Valley Rock   | Pier 92  | Cement Batching     | 192,072 | 2002    | 2027    |
| Darling International             | SWL 344  | Rendering/Biodiesel | 194,846 | 1998    | 2028    |
| Hanson Aggregates Mid-Pacific     | Pier 94  | Dry Bulk Terminal   | 387,240 | 2000    | 2023    |
| Hanson Aggregates Mid-Pacific     | SWL 352  | Sand                | 194,130 | 1999    | 2024    |
| San Francisco Bay Railroad        | ICTF     | Rail Yard           | 418,236 | 2008    | 2018    |
| RMC Pacific Materials             | Pier 92  | Concrete Batching   | 151,700 | 2006    | 2031    |
| SF Recycling & Disposal           | Pier 96  | Recycling MRF       | 396,907 | 1998    | 2023    |

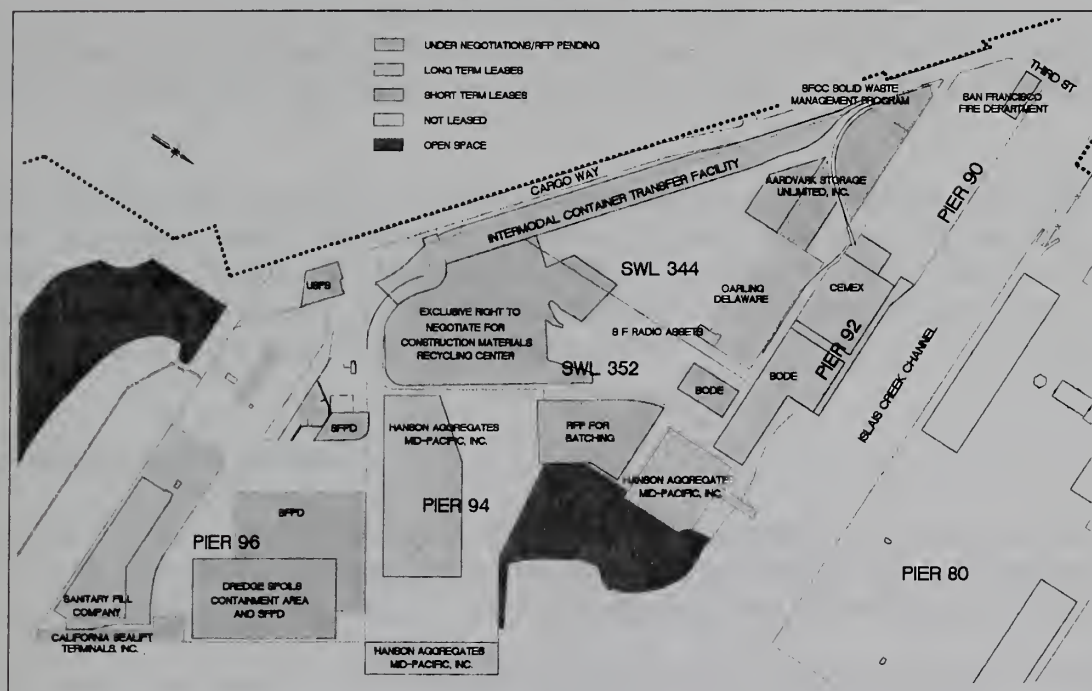
<sup>1</sup> This Table 3 has been updated as of October 21, 2008 to reflect current Port long term tenants.





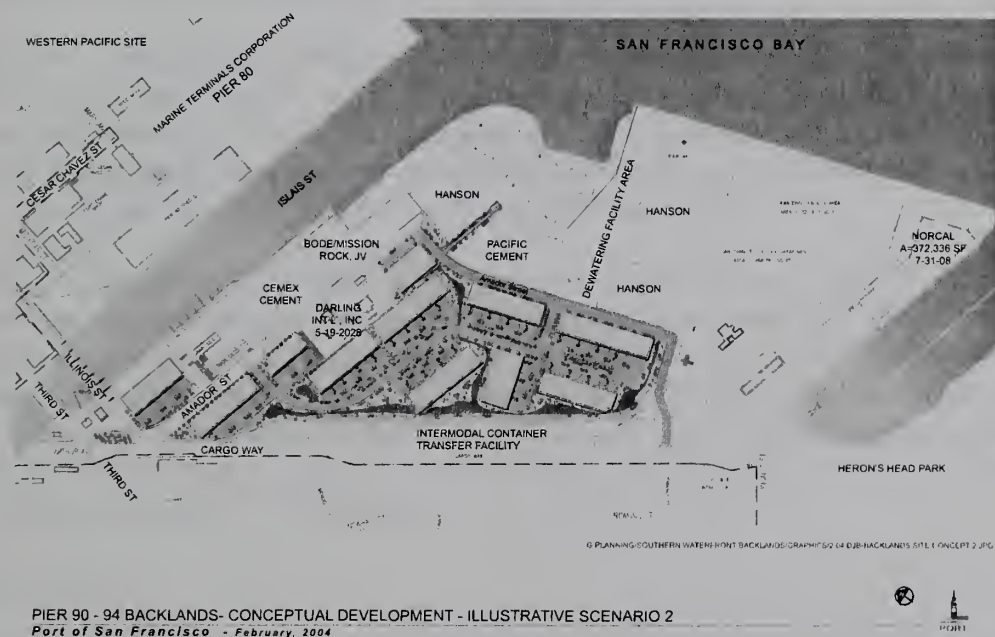
Figure 4 shows the leases in Piers 90-96 and Backlands areas:

**Figure 4: Piers 90-96 and Backlands Leases<sup>2</sup>**



## Backlands Development Options

### Figure 5: 2003 Community Preferred Development Plan



<sup>2</sup> This Figure 4 has been updated as of October 21, 2008 to reflect current Port leases in the Piers 90-96 and Backlands area.



## **Update to 2003 Community Preferred Plan**

Since the development of the Community Preferred Plan, market conditions for warehouse distribution facilities have changed. While there may be an increased demand for warehouse type space and comparable data indicates that rental fees have increased, so too have development costs.

Port staff will be reviewing the market assessment completed for the Preferred Plan to determine if market forces have changed significantly enough to reevaluate the potential of pursuing a development request for proposals, consistent with the Community Preferred Plan. Port staff will work with the local development and brokerage community to determine feasibility and development interest. It is anticipated that this analysis will be completed by the end of June.

## **Future of Pier 90-96 Terminal**

It is possible that during the next review of the Seaport Plan, the Port, in consultation with BCDC and the Metropolitan Transportation Commission, may consider changing designations of portions of the complex from container to dry bulk cargo to reflect the activity in the area.

After completing an analysis of submarket demand for concrete, Port staff intends to recommend that the Port Commission issue a competitive solicitation for a new concrete batching operation on Pier 94, as originally planned. The Port's Maritime Division may also recommend soliciting competitive proposals for a new dry bulk shipping opportunity at Pier 96.

## **Backlands Interim and Long Term Leasing Options**

In the event that revised market analysis indicates that development of the Community Preferred Plan for industrial warehouse is not financially feasible, the Port must evaluate other land use options for the Backlands. Port staff has developed a list of potential interim leasing options that could produce revenue in the near term to the Port. The Port has also been contacted by a variety of private parties and sister City agencies with potential use options.

Some of these uses could take advantage of efficient location and operational relationships with the construction materials businesses already located in the Backlands area. Others provide opportunities to generate local jobs, clean up and landscape the area, and/or increase a presence that improves security in the area. These interim and long term uses could also develop synergies with existing Port tenants (cargo operations, concrete batching, aggregate and sand bulk imports, and recycling operations); some may allow the attraction of long-term, more intensive development uses in the future.

### *Interim Use Options*

Port staff is currently researching and analyzing the following interim leasing options:





1. Rock crushing<sup>3</sup>;
2. Moscone Center marshalling uses;
3. Laydown space for construction;
4. Car towing operations, possibly implemented when the City's Department of Parking and Traffic's Autoreturn operation leaves Pier 70;
5. Off-site cruise ship terminal parking/vehicle storage; and
6. Commercial nurseries/garden center.

As these leasing options are analyzed, Port staff will continue to work with its maritime and southern waterfront communities and the Port Commission to identify appropriate and acceptable uses for the Backlands and continue to provide different forms of community benefits.

### *Long Term Use Options*

Private parties and/or other City department staff have discussed the following long-term options with Port staff, subject to further community outreach and feedback:

1. Freight logistics (DHL, Fed Ex, etc), possibly in "sprung" structures<sup>4</sup> that can handle projected settling of the Backlands site;
2. Biodiesel manufacturing, possibly in conjunction with in-City collection of fats, oils and grease;
3. Relocate the portion of SE Treatment Plant that handles solids;<sup>5</sup>
4. Food waste digesters;<sup>6</sup>
5. Solar power generation; and
6. Eco-industrial park: combine an asphalt plant, concrete batching and rock crushing in a localized area to foster easy recycling and reuse of materials.

These concepts and others that private parties or members of the community may propose would require the following analysis:

*If a Port lease for the proposed use is a long term lease, is the use consistent with the public trust? What is the relationship between the proposed use and the water? Does the proposed use augment or enhance the Port's cargo terminal operations and other maritime support uses?*

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<sup>3</sup> In addition to providing localized recycling service to existing Port concrete batching tenants, rock crushing may provide vital material handling capabilities to the City in the aftermath of a large, localized earthquake.

<sup>4</sup> A sprung structure is a fabric or related material stretched over a metal frame that typically does not require a substantial foundation like a typical warehouse.

<sup>5</sup> The San Francisco Public Utilities Commission is currently pursuing a wastewater master plan with public participation to determine how system improvements, including seismic retrofits, should be designed and staged. No decisions have been made regarding the potential location of any facilities; however, some community advisory members have suggested relocating portions of the SE Treatment Facility to the Backlands.

<sup>6</sup> Food waste digesters are used to make compost from food waste and typically include methane collection systems to capture off-gassing.



*Are there air quality and/or significant environmental impacts of the proposed use? If so, can these impacts be mitigated?*

*What are the community and economic development benefits? Is hiring from the community possible?*

*Does the proposed use take advantage of the excellent truck routes, rail access and water access that the site affords?*

*What is the relationship of the proposed use to existing Port tenants?*

*How much land is required for the proposed use? How much rent can it generate to help the Port meet its capital needs?*

*What is the probable timeline for implementation? Is there enough likely market interest that the Port should conduct a competitive solicitation?*

*What types of improvements – such as landscaping improvements and trees along Cargo Way and around the perimeter of the Backlands, and shoreline parks in the vicinity – are required to make the Backlands site a better part of the Southeast Community?*

Further information about these proposals will be considered at the June 9, 2007 workshop and at subsequent MCAC and SWAC meetings. Members of the public may also contact the following Port staff for further information:

David Beaupre, Senior Waterfront Planner, 415/274-0539

Brad Benson, Special Projects Manager, 415/274-0498

Peter Dailey, Deputy Director of Maritime, 415/274-0517

Mark Lozovoy, Assistant Deputy Director of Real Estate, 415/274-0575

Tina Olson, Deputy Director of Finance and Administration, 415/274-0445



**APPENDIX B (see following map)**  
**Proposed Backlands Leasing Pads with Related Site Improvements**

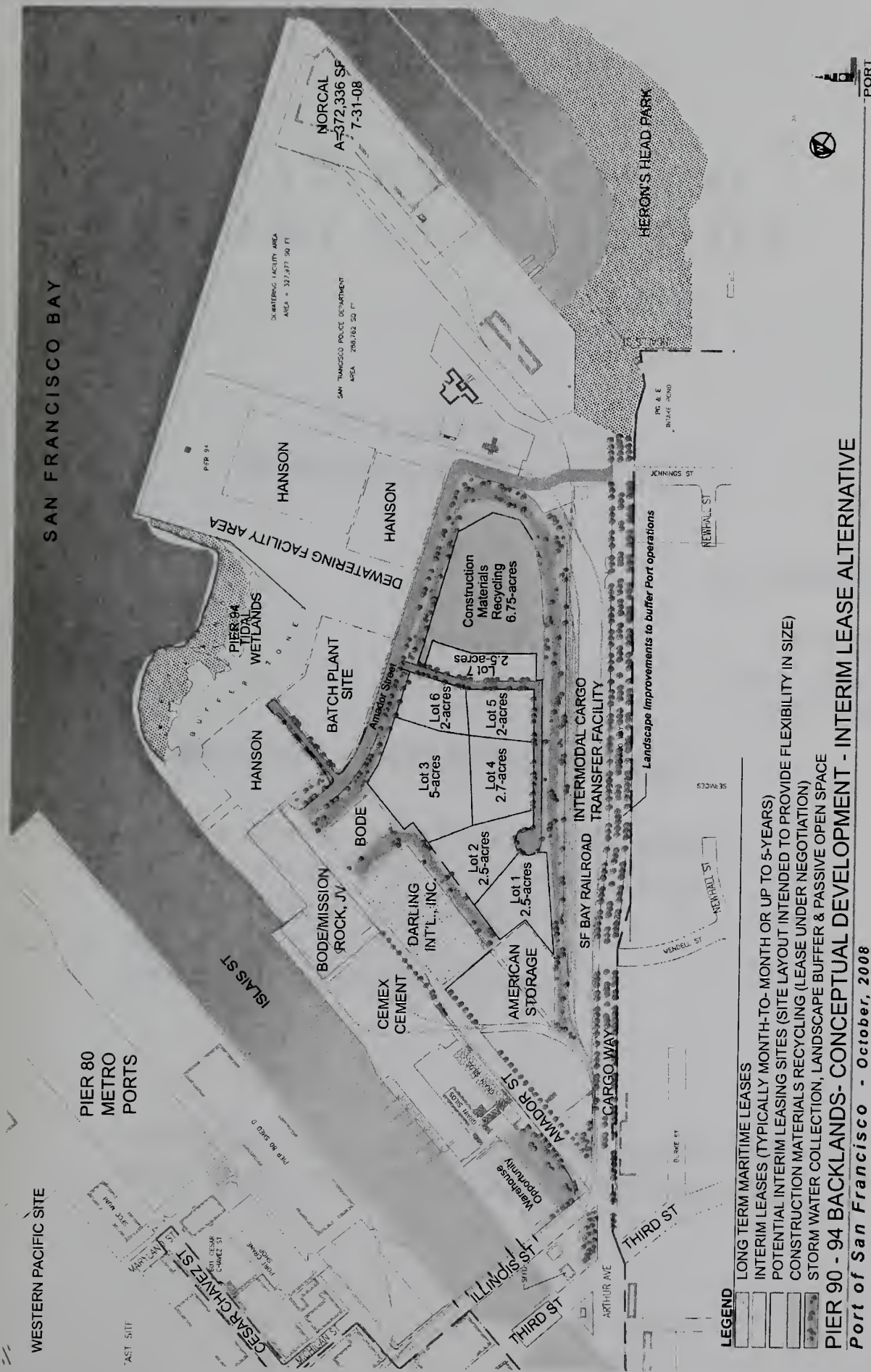




WESTERN PACIFIC SITE

PIER 80  
METRO  
PORTS

SAN FRANCISCO BAY



LEGEND

- LONG TERM MARITIME LEASES
- INTERIM LEASES (TYPICALLY MONTH-TO-MONTH OR UP TO 5-YEARS)
- POTENTIAL INTERIM LEASING SITES (SITE LAYOUT INTENDED TO PROVIDE FLEXIBILITY IN SIZE)
- CONSTRUCTION MATERIALS RECYCLING (LEASE UNDER NEGOTIATION)
- STORM WATER COLLECTION, LANDSCAPE BUFFER & PASSIVE OPEN SPACE

PIER 90 - 94 BACKLANDS-CONCEPTUAL DEVELOPMENT - INTERIM LEASE ALTERNATIVE  
Port of San Francisco - October, 2008



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# **SAN FRANCISCO PORT COMMISSION**

**OCTOBER 28, 2008  
MINUTES OF THE MEETING**

DOCUMENTS DEPT.

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## **MEMBERS, PORT COMMISSION**

HON. KIMBERLY BRANDON, PRESIDENT  
HON. RODNEY FONG, VICE PRESIDENT  
HON. MICHAEL HARDEMAN  
HON. ANN LAZARUS  
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR  
AMY QUESADA, COMMISSION SECRETARY**





# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING OCTOBER 28, 2008

### 1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:02 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky was not present.

### 2. APPROVAL OF MINUTES - September 23, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor. The minutes of the September 23, 2008 meeting were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

At 2:03 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.  
*This session is closed to any non-City/Port representative.\**

- a. Property: Pier 24 Annex  
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate  
\*Pilara Family Foundation: Andy Pilara
- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development



\*Negotiating Parties:

- (1) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan
- (2) San Francisco Giants, The Cordish Company, Farallon Capital Management

**5. RECONVENE IN OPEN SESSION**

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

**6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**7. EXECUTIVE**

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Fleet Week Festivities – October 10-13, 2008 – During Fleet Week, San Francisco had the usual great weather, which brought out great crowds. It was quite a success. The event was highlighted by the Blue Angels and the Canadian Forces Snowbirds. As the Commission is aware, due to bad weather between San Diego and San Francisco, the ships were not available to parade in the traditional Parade of Ships but they did make it on Sunday. Thousands of visitors enjoyed the Fleet Week activities throughout the weekend. We look forward to next year.

The Italian Heritage Day Parade, which was on its 139<sup>th</sup> year, was held at the same time. Next year, they'll be having quite a celebration.

- Breakbulk Conference – October 14-16, 2008 in New Orleans - Peter Dailey, Jim Maloney, and she attended the breakbulk conference in New Orleans with three other shipping conferences going on at the same time. All, in some part or some





way, was sponsored and/or hosted by the Port of New Orleans. It was a successful business event. A reception was held this year rather than the regular dinner because of all the events that were going on. We were able to visit with our existing breakbulk clients such as Star Shipping and Saga Forest Carriers as well as Union Pacific Rail, which is high on our list of things we need to work out, and many other shipping clients. The stock market has fallen off quite a bit as consumer spending and construction work have fallen off but both of our clients felt that there still is a strong need to call in San Francisco. We were relieved to hear that.

- Halloween Event at SWL 337 and Terry Francois Blvd. – October 31, 2008 – The Halloween event at Seawall Lot 337 and Terry Francois Blvd. on Friday, October 31, will be held from 4:00 p.m. to 11:30 p.m. It will be a free event. From 4:00 to 8:00 p.m., the program will be oriented towards children, teenagers and families. There'll be things like a drum line, a dance troop, juggler, stilt walkers, etc. and a couple of scary things but it will be pretty tame. At 8:00 p.m., it will change over to musical acts. The headliner is an 80s club diva named Martha Wash. She will perform with the Weather Girls, Two Tons of Fun, and Black Box. It should be an exciting evening for all. The night ends with a celebration of the City's Latin music. So it'll be interesting to see how the event unfolds. It sounds like it could be a good place to be on Friday night.
- National Forum for Black Public Administrators 5<sup>th</sup> Annual Bay Area Achievers Dinner - Commissioner Kimberly Brandon, Honoree – November 6, 2008 at the Hilton Oakland Airport Hotel - The National Forum for Black Public Administrators will be having their Fifth Annual Bay Area Achievers Dinner. Commission President Kimberly Brandon is being recognized as one of four honorees at the dinner; the only woman in the group.

The National Forum for Black Public Administrators is an organization that strives to strengthen the positions of Black Public Administrators, increase the numbers of positions, and most importantly, to groom up-and-coming young administrators so that they too can be Port Director of the City and County of San Francisco some day. We're very thrilled and proud that Commissioner Brandon is being recognized.

The other honorees are Dan Boggan, the former National President of the Forum; Dr. Anthony Iton, an MD, JD, and MPH, Alameda County Public Health Director and Health Officer; and the Honorable Nate Miley, a member of the Alameda County Board of Supervisors. It also looks like Commissioner Brandon is the only San Francisco representative.

- San Francisco Police Department's Youth Fishing Program 40<sup>th</sup> Anniversary Celebration - November 8, 2008 at the Aquarium of the Bay - The San Francisco Police Department's Youth Fishing Program is holding their 40th





Anniversary Celebration in Fisherman's Wharf at Aquarium of the Bay at Pier 39 on November 8, 2008 from 6:30 to 10:00 p.m. This year, the honorees are Police Chief Heather Fong, Mayor Frank Jordan, and John Mikulin. The SFPD's Youth Fishing Program started 40 years ago. They charter fishing boats in the San Francisco's Fisherman's Wharf area for young children. The Port is proud to sponsor the event and to attract youth to our waterfront. We're honored that the Police Department is doing this worthwhile event.

On behalf of the Port Commission and staff, Commissioner Brandon wished Renee Dunn a happy birthday.

## 8. CONSENT

- A. Request approval of License No. 14544, including the waiver of fees, between the Port and Literacy for Environmental Justice to allow grant-funded habitat enhancement at Heron's Head Park. (Resolution No. 08-64)
- B. Request authorization to enter into a Four-Year Contract with the San Francisco Conservation Corps (SFCC) for the Port's Youth Employment Program in the total amount of \$800,000, subject to annual funding appropriations of \$200,000. (Resolution No. 08-65)
- C. Request authorization to execute contract modification to Construction Contract No. 2706 with Dutra Dredging Company for Maintenance Dredging Work that increases the contract amount by \$3,245,388 for a total contract amount of \$9,066,938. (Resolution No. 08-66)
- D. Request authorization to accept and expend \$15,000 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront. (Resolution No. 08-67)

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. Resolution Nos. 08-64, 08-65, 08-66, 08-67 were approved.

## 9. FINANCE AND ADMINISTRATION

- A. Request approval of the Port's Parking Meter Pricing Rates and Time Limit Ranges. (Resolution No. 08-68)

Tina Olson, Deputy Director Finance and Administration, indicated that this may be the last time she will be in front of the Commission talking about parking meters. Two years ago, Port staff started a pilot project on Port property where five different multi-space pay station vendors were invited to come in and show their wares. Sensors were placed on the street to tell when a vehicle was there seven days a week, 24 hours a day. The Port Commission allowed staff to play with pricing and time limits. Staff learned a lot from that study. One of the main things we



learned is that we need to partner with the City and County of San Francisco to set meter rates because it's ineffective for us just to set meter rates at the Port of San Francisco that would differ from that which the City is setting. We also realized that we needed to partner with the City in terms of technology and having the same types of meters. Last fiscal year, the Port Commission allowed staff to enter into an agreement with the San Francisco Municipal Transportation Agency (SFMTA) that would allow them to modify their contract with Serco to purchase pay stations for the Port and also for the SFMTA. The Board of Supervisors approved that contract in June. We developed specifications with Serco and with the SFMTA for Port pay stations. They put it out to bid last summer and received eight bids. Serco, Port and SFMTA staff rated the proposals and interviewed the top four vendors. Based on that process, they jointly selected the team of 8D/Cale. We're currently in preliminary negotiations with 8D/Cale and hope to have meters installed in February or March 2009.

Port staff wish to partner with SFMTA to set parking meter pricing under Port jurisdiction similar to the SFMTA's meter prices. We're initially asking to set some rates for the Port parking meters that are going to be consistent with the City's. In terms of the Fisherman's Wharf area, staff propose to increase the rate from \$2.00 an hour to \$2.50 an hour. In the Ferry building area, to be consistent with the downtown meter rates that the City has, staff propose to increase it from \$2.00 an hour to \$3.00 an hour. We would keep the time limits the same, which is two hours. At the South Embarcadero and Terry Francois area where we currently have low demand for on-street short-term parking, staff propose to lower the parking meter rates from \$2.00 an hour to \$1.00 an hour and to allow up to 12-hour parking so that we can allow for all-day parking and see whether that increases demand for on-street parking in the southern portions of the City's and Port's property. She's going to turn over the presentation to the SFMTA because this proposal is about the SFpark Program. Staff is asking Port Commission's approval to allow staff a lot of flexibility to adjust parking meter rates and time limits based on actual demand and to meet some overall parking and congestion and traffic policy objectives that the SFMTA has. She asked the Commission to allow staff to do it; however, staff will be following SFMTA's lead as they are going to be setting the rates and we're going to work with them. We are aiming to have the same rates they have in the same geographic areas. Sonali Bose from SFMTA will present the SFpark Program and the pricing methodology.

Sonali Bose, SFMTA Chief Financial Officer/Director of Finance and Information Technology, indicated that SFMTA is excited to partner with the Port on this project. Ms. Bose indicated that she's also a former Port employee from the Port of Oakland. She has a lot of affinity for Port issues. They are very excited about this project. SFMTA has the responsibility for all of transportation in the City of San Francisco. Currently, parking in San Francisco is not managed most effectively as we have old meters and limited data. We have an emphasis on turnover -- a strategy for the entire City using old technology. The prices and goals are pre-November





2007. It means that in November 2007, the voters approved Proposition A. Under that proposition, it now allows SFMTA full authority over setting parking pricing both off- and on-street. Previous to that, the Board of Supervisors had authority over pricing on the meters. There was a disconnect between the parking pricing in the garages and the meters, creating incentives for circling on the streets.

Proposition A allowed SFMTA to address that. For customers, it's difficult to find parking, more congestion, and harder to pay. SFMTA collects \$90 million in fines from parking and about a third of that from parking meters and off-street facilities. They created an enforcement-based system. That's not ideal for anybody -- both the users and for our staff members and for the SFMTA. Right now parking fines are 57 percent of total parking meter revenues. Meter-related parking fines account for 30 percent of all tickets. The parking revenues currently count for 25 percent of all SFMTA revenues. SFpark is a new program where SFMTA will hopefully intelligently manage parking in the streets of San Francisco and manage it as a coherent whole. It means looking at parking both off- and on-street and directing people to the right areas to park. As was mentioned before, parking is a crucial element of transportation in the City. If we can get people to parking spaces faster, that means Muni moves faster, ultimately, less congestion, less circling, less double-parking means more liability for Muni, which is also one of the goals of this project. It's essentially doing more with what we have.

SFpark is a combination of both pilot and non-pilot projects. SFMTA just recently received a \$20 million grant from the Department of Transportation (DOT) to implement pilot parking demand based pricing study. SFMTA also has non-pilot projects such as disabled parking management, looking at free lots across the City and seeing whether they could be effectively managed better. There's a wide variety of non-pilot projects but it impacts parking in the City. Disabled parking is a significant issue in the City. They are looking at it very closely to see how they can better manage that.

The primary goal of SFpark is to reduce congestion, reduce circling, reduce double-parking, and manage auto trip demand and the shift modes. We're looking at more bicycling, more pedestrians, more Muni instead of all single automobile trips as part of this. Some of the pilot project areas that SFMTA is testing with the \$20 million grant are areas that are contiguous with Port land. It is one of the reasons they want to partner with the Port in this effort. They are looking at 25 percent of the metered spaces in the City being part of the pilot program with 11,500 off-street parking spaces. These are the public-owned garages. This will be an 18-month pilot program. A big part of this is communication with the users. A lot of the money is going towards better messaging, better communication, letting people know what parking is available, how to get there, variable messaging and signs. One of their goals is to highlight the map of San Francisco streets with color codes where there is parking available, where there isn't parking. If it's red, don't go there. If it's green, there's parking, go there. There will be a lot of messaging with PDAs, text messaging, cell phone -- a variety of ways to tell the customer where there's parking. Demand responsive pricing is setting pricing based on demands and



creating a right relationship between pricing off- and on-street. As mentioned earlier, there's a disconnect. So how do we right price those two assets? On the new meters, make it easy to pay the meters that the Port and SFMTA are going to purchase. We'll allow for credit cards, Smart Card payments. We're also testing a cell phone pilot -- ways to pay and we also have a parking card. Not a lot of people know we actually have a parking card. So we want to leverage that as well. The other area that we're really looking at is enforcement. A lot of SFMTA's enforcement staff time is spent on writing tickets. We would like them to do less ticketing and better quality of life issues such as sidewalk parking, disabled parking management, double-parking. They would like them to move away from the citation-based strategy and also utilize new technologies for enforcement.

How will prices change? SFMTA is proposing to change prices very gradually and periodically so the customers get used to it. Perhaps every four to six weeks up or down 50 cents depending on how much available parking there is in the area. It will be very targeted and very responsive pricing changes at a block-by-block phase to give people time to learn the pricing and use rate structures to discourage peak pricing i.e. moving cars during peak periods. They also want to test special event pricing. This is particularly true for the Port area where certain events in the ballpark or other venues will allow testing for higher rates of special event pricing. She showed some examples of the way pricing is going to work.

Parking availability would be sort of Goldilocks-parking strategy where it's either really hard to park, it's easy to park or it's very easy to park. They are setting three levels of parking availability. They believe that between 10 to 35 percent is the right parking availability ratio. If the parking availability is less than that, it's too hard to park. If it's more than 35, it's too easy to park. The 10 to 35 percent range means pricing is just about right. She showed a picture of a block where every parking space is taken up by a car which would be at the left end of the range. She showed a picture of a block with a couple parking spaces available, about 10 percent of parking. This is just about right. Thirty-five percent of parking is within that range. This is the kind of parking availability that would be just about right for a block. People can go and know there's going to be parking available for them. She showed a picture where there is too much availability, too many open spaces, which means the pricing may need to come down. They are going to evaluate data on parking availability, calculate price adjustments, adjust the prices, and then go back again every four to six weeks to test. For example, there are six different blocks in the City and the blocks are showing the availability of this range. Block 101 has about 45 percent parking availability, which means there is too much availability based on the 10 to 35 percent criteria. Block 102 is in the right range. Block 103 has very little availability.

As mentioned earlier, they will be changing the prices by 50 cents. In Block 1001, the old pricing was \$3.00 but that will be reduced to \$2.50 because it has too much availability. In Block 1002, the pricing is just about right at \$3.00. In Block 1003, the rate will be raised by 50 cents. They will be looking at the pricing block by





block, first in the pilot areas to see how this works and whether it creates the availability needed. This will be an 18-month pilot project. By the end of 2010, there will be data-driven study to show exactly what's happening with parking in the City, so we can make intelligent choices.

Tina Olson already mentioned the Port pilot program. SFMTA had the Pay-by-Cell pilot program. They've received all applicable approvals needed from the Mayor, the Board of Supervisors, etc. It was quite an effort but everybody's behind this project. They've done the implementation planning. They are now knee-deep in the funding obligation from the DOT. They are excited that the Port is partnering with SFMTA. This is going to be a great initiative for the City. This is a globally changing way to look at parking. They've received a lot of attention from a variety of press, all the way from NPR to the Economist. A lot of eyes are on this project to see how well it will work. If it does work, it'll be leveraged out to all of the other major large cities that are dealing with parking. They're excited to be in the forefront. San Francisco can be seen as a leading-edge thinker on parking. There are numerous professors from major institutions who are participating with SFMTA on this project such as Donald Shoup. There's a lot of pressure on SFMTA but they are proud of leading this effort and partnering with the Port.

Tina Olson indicated that was a great presentation and explanation of what staff is asking of the Commission. She asked the Commission to approve the proposed resolution.

Commissioner Lazarus indicated that her question may not be as pertinent at the Port but she wondered if SFMTA is looking at possibly having meters enforced on Sundays as a way to get turnover for merchants in districts where there are small businesses.

Ms. Bose replied affirmatively. They are interested in the merchant area and attracting parking to businesses in San Francisco. One of the goals of this project is to make sure that people come back to San Francisco to park, shop and eat. They are looking at relaxing time limits so that if somebody wants to go to a movie, instead of being limited by two hours, it'd be four hours. They're also looking at Sunday parking. Everything's on the table right now; nothing is off.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. Resolution No. 08-68 was approved.

B. Informational Presentation on the Port's Contracting Activity Quarterly Report - Fiscal Year 2008/09; 1st Quarter Period July 1, 2008 through September 30, 2008.

Norma Nelson, Contract Manager, presented the First Quarter Report for Fiscal Year 2008/2009 on the Port contracting activities. She focused on primarily a few areas: the overall contracting activities for the Port for this quarter, the cumulative as-needed contracting accomplishments, active contracts and pending RFPs.





The Port's Local Business Enterprise (LBE) goal is 20 percent. With all of the contracting activity for the Port during the period July 1, through September 30, 2008 the Port's overall LBE participation has been 27 percent, which exceeds the 20 percent goal. This was helped primarily by the information technology contract, which was awarded to a company through a cyber contract through the Office of Contract Administration. Those services pertain to upgrading the Port's Oracle financial system.

With regards to the informal and as-needed contracts, we were a little bit under our goal but it fluctuates periodically from quarter to quarter. Even though the as-needed LBE participation was a little bit below our goal for this quarter, on a cumulative basis, the Port is still exceeding the 20 percent goal. We're at 21.1 percent overall and continuing to beat the 20 percent LBE participation goal on our as-needed contracts.

With the 14B Ordinance, each City department can use LBE participation at the prime level to meet its departmental goals. The numbers in the report do not include that participation. We are actually doing better than what is reflected when taking into consideration the addition of the LBE firms that are participating in contracts as joint venture partners and that's more so the case with the as-needed contracts.

The construction support services that indicate one percent LBE participation is on a sub-contracting basis. \$115,000 of the Contract Service Order (CSO) was actually awarded to a joint venture LBE team of which the majority of that work went to an LBE firm. In essence, the LBE participation is actually greater than what's indicated but this is only tying to the sub-contracting goal.

Under the Administrative Code 14B Ordinance, the Port is required to report to the Mayor on an annual basis the utilization on all of the Port's contracts. A more detailed report to that extent was provided to the Commission a couple of months ago. This data is as of September 30, 2008. It's basically the contracts that are still active that have been awarded but were not necessarily awarded during this particular reporting period.

Listed on the report is a construction contract for \$15,658,010. The Commission acted on that contract earlier today with regards to the dredging work. That particular contract did not include specific LBE participation goals as approved by the Human Rights Commission. If we were to exclude that particular contract, our actual overall LBE sub-contract participation for all of the active contracts would be 32.7 percent, again exceeding the 20 percent goal.

With regards to pending RFPs, we have issued a couple of RFPs during the quarter. One was the Youth Program contract which the Commission just approved. However, we are working on the Brannan Street Wharf Project. The RFP was issued on July 24, 2008. The Financial Advisory Services RFP was issued on August 29, 2009. We've had to reissue the Financial Services Advisory RFP due to



the fact that most of the firms that responded to the RFP didn't meet the HRC LBE sub-contracting goals. We're hoping to be able to bring both of those contracts back to the Commission and request authorization to award those in the next quarter.

Commissioner Hardeman complimented Ms. Nelson for a good job.

Commissioner Brandon was glad that the Port is still exceeding its goals.

## 10. REAL ESTATE

- A. Request approval of Lease No. L-14584 with TCHO Ventures Inc., for a Five Year Retail Lease for Premises Located at Pier 17, and subject to Board of Supervisors' approval (Resolution No. 08-69); and Request approval of a Month-to-Month License No. 14604 for Temporary Retail Sales at a Separate Premises at Pier 17. (Resolution No. 08-70)

Jeff Bauer, Senior Leasing Manager, indicated that TCHO has been a tenant at Pier 17 since 2006. TCHO is a San Francisco bay area start-up company. TCHO currently manufactures and sells chocolate to food companies and consumers via the Internet. TCHO employs about 20 people and estimates their first year sales to be approximately \$2 million. TCHO has approached the Port and is proposing to expand its current chocolate making manufacturing company to a retail sales store and an interactive kitchen with chocolate-making instruction and demonstration classes. Under the Port's retail leasing policy, retail opportunities are to be bid. However, the 1993 resolution does provide an exception and allows for direct negotiation of leases with existing tenants. The resolution lays out certain criteria: the tenant must be a tenant in good standing; the benefits of these negotiations must exceed the benefits of a public offering; and the tenant must be willing to make a significant investment in the Port property.

Staff has determined that TCHO meets the criteria found in the resolution. TCHO is a tenant in good standing. TCHO has made a commitment to invest \$800,000 into Pier 17. Those improvements will directly benefit the Port. They include upgrades to the electrical system; separation of utilities; insulation of overhead lights that service the premises; construction of ADA bathrooms; construction of public access improvements including benches, trash cans; and completely demising approximately 19,000 square feet of the shed. In addition, TCHO will pay a one-time payment of \$75,000 to the Port in addition to its initial \$278,000 in initial rent.

The Port's options for leasing at Pier 17 are impractical, if not impossible, given the use and term constraints due to the pending Exploratorium Project. Tenants that would likely be attracted to Pier 17 are storage and warehousing, which have a lesser value, lesser benefit to the Port. TCHO, on the other hand, will, in addition to their sizable investment, anticipate generating percentage rent at a rate of 7 percent of gross sales for a particular parcel. TCHO will provide the Port a





demolition and restoration bond in the amount of 150 percent of the total construction cost as well as a construction bond in the amount of \$1.2 million.

Port staff recommends that the Port Commission adopt the resolution approving Lease No. L-14584 subject to Board of Supervisors approval and authorize the Executive Director to forward the Lease L-14584 to the Board of Supervisors for approval pursuant to the Board's authorization. Port staff further recommends that the Port adopt the resolution approving License 14604 and authorize the Executive Director to execute the license. Mr. Bauer introduced the principals from TCHO.

On behalf of TCHO, Louis Recetto, thanked the Commission for their support and wisdom in approving their lease. TCHO is now the only chocolate manufacturing company in the City. He presented the Port Commission a box of chocolate, which is among the very first commercial chocolate produced on Pier 17. He literally grabbed it out of production's hands this afternoon. He thought the Commission might appreciate actually tasting what it is they just approved.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. Resolution No. 08-69 was approved.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. Resolution No. 08-70 was approved.

## 11. PLANNING & DEVELOPMENT

### A. Information Presentation on Cruise Terminal Site Planning at Pier 27 (Site Location: The Embarcadero and Battery Street).

John Doll, Planning & Development, indicated that a year ago, he presented the results of the recommendations from the Cruise Terminal Advisory Panel. The Advisory Panel recommended Pier 27 as the most cost-effective and operationally efficient pier for a new cruise terminal because of the pier length, the apron width, the size of the shed and the substructure being in very good condition. The downside was that it has only one berth. There's a significant annual dredging cost and there could be some title restrictions. The Cruise Terminal Advisory Panel also reaffirmed the designation of the Northeast Wharf Plaza, a two-acre plaza on Pier 27. There are two competing uses as part of the pier.

The terminal is more than just a shed. The terminal operation must include a significant amount of space for vehicular circulation. Vehicular circulation is important to make the cruise terminal operation efficient by getting traffic off of the Embarcadero. To help the Port resolve some of these questions, we hired EDAW to advise the Port to reconcile these two different uses on a single pier i.e. the open space and the cruise terminal operation.



Two workshops were held, one in August and one in September, with Port staff, the EDAW team, including Phil Crannell, direct stakeholders including Princess Cruises, Metro Cruise Services, and BCDC staff. We started off with a variety of different options. Through the course of the workshops, they were able to whittle it down to two different site plans. In order to resolve the two different site uses, we were very careful about selecting what the prioritized criteria should be for this project.

First and foremost, a new cruise terminal with an efficient vehicular circulation area is of the highest priority. It is after all a cruise terminal project, but the Plaza would be accommodated and designed for maximum use by visitors and residents or neighbors of the area.

Second, the cruise terminal operation must meet cruise terminal standards. This is the only way that we can attract the larger ships which are due to come to San Francisco. Accordingly, the terminal should be approximately the size of 120,000 square feet with a mezzanine area to allow passengers to embark and disembark from the above using a movable passenger gangway system; at the same time, on the apron, an efficient way to load and unload provisions for the ship.

Third, its intent that the design not trigger any seismic requirements. The pier is already in good shape. There will probably be some pier repairs that'll have to be made, but certainly seismic requirements would not take place unless new buildings are added onto the pier.

Although this was outside the scope of the EDAW work, we are still looking at recreation uses. These could possibly be on Pier 29. Pier 31 is a possibility. If it does not interfere with the cruise operations, we'll look at the possibility of recreation use on non-cruise days in the valley and even within the Pier 27 shed.

Andrew Pendrick, DMJM Design, indicated that they looked at essentially the compatibility of two very different kinds of uses for this site i.e. cruise terminal and open space. In that context, making a cruise terminal functional and workable for now and the future includes security issues, which are very important, critical to the success in all sorts of security levels, but also the circulation. That was the key feature for their study i.e. the kinds of vehicles that were going to be on site, the amount of pedestrians, personal vehicles, taxis, buses, and the provisioning vehicles that are necessary to make this function.

They looked at the site, which is approximately 10 acres or so of land. It includes Pier 27, Pier 29, the Pier 27 Annex, the Beltline Office and Teatro Zinzanni. Pier 27 is a fairly newer structure than 29 but, at the northern end, it overwhelms the Pier 29 structure. They're very different structures in size. They had to take that into consideration when they looked at how to make use of Pier 27.





They looked at the valley or the open space in between all of this as the primary means to handle all the circulation that's necessary to get in different types of vehicles and what to do with the Beltline Office building. Where would that ultimately belong? Would it stay there as a historic structure or where would that go on that site?

The other issue is the grade changes across the site. The Pier 27 building, if we sliced through it, you'll see that from the water side, left to right, the slab actually pitches up. You get to a point where you have a loading dock edge where the slabs drop three or four feet from each other. They have to deal with that condition knowing that if they tried to take some of that away, it would trigger seismic work. Another issue is the height. Inside the structure of the building, the height that is currently there is a bottom clear height of 22 feet. How would you build a cruise facility that's functional inside all of that?

With regard to traffic and vehicle types, there's a broad cross-section from semi-tractor trailers to taxis to personal cars. The key issue is to note the time of day use on a cruise ship day, given a 4,000 to 4,400 passenger vessel is from about 8:00 to 11:00. When they looked at the circulation types and how that would flow, they primarily looked at that peak.

Beyond that, they looked at the tooling typology, meaning, what is a cruise terminal? About 20 or 30 percent of the overall building area is for embarkation. The remaining is for the disembarkation. He showed three different configurations (left, right, middle) on how that could be dealt with on the site.

The cruise facility includes an entrance lobby, security checkpoint, a waiting area, a way to the upper level, waiting, and ticketing, and embarkation space, and then to the ship. The rest of the spaces, besides support, are baggage lay-down. There are provisions for materials that are coming from the tractor trailers into the building and being stored before passengers go into the ship.

They need to operate in a very efficient manner. Time is very short as 4,000 people are coming on and off the ship. Ship comes in early in the morning and it leaves at the end of the day. All of these have to operate very quickly together.

On the second level is a waiting check-in area, a long linear element which is the boarding corridor. It takes you to the ship. Depending on the vessel type and where that door is to the vessel, there would be a movable boarding bridge that would run along that corridor.

As John mentioned, they ended up with two different unique options that address the issues of open space and cruise terminal. Option 1 is one contiguous two-acre open area. There will be a limited access promenade. It's the working waterfront for the vessel. Forklifts, tractor trailers and baggage will be coming in and out of the building from that zone to and from the ship. There's a question whether the





open space will be used on non-cruise days or not. They feel that it can be. It needs a certain amount of control and security to make it functional. There's a provisioning area between the two buildings. In this option, they've cut an opening to allow the trucks to come through.

The embarkation area on the mezzanine level at the north end could be used for other purposes perhaps on non-cruise days but would allow for a very nice vantage point, a good view out to the harbor and to the vessel.

With regards to circulation, one option is one way in and one way out. For personal vehicles (POV), they come in and circulate counter-clockwise. Drop-off zones are located on either end of that loop. It could be segregated by the disembarkation and the embarkation. It can be separated by time of day and so on, and by vehicle type as well. The taxi drop-off goes through the same loop. They will use the same circulation. The buses will have the same circulation but will have their drop-off right in front of the building.

The provisions for the ships that are coming in and having their own entrance is segregated in one option so that they're away from any of other vehicle types and essentially away from pedestrians. They would like to orchestrate the early morning, large truck traffic to come through when it's not going to conflict with people using The Embarcadero or people coming into the building.

With option one, they are cutting back Pier 27 to allow for open space. They're creating, at the very end, the suggested pointed space for the embarkation on the upper level and using the two levels of the building as best as possible. Primarily about 20 percent of the spaces would be on the upper level. The yellow block at the near end of the open space is retail. In both options, they've carved away about 15,000 square feet potentially for another retail use. This allows for views.

Option two is very similar except that they have taken the open space and divided it into two components. There is a different orientation to the open space. They've sliced the building in a different way so that the views out are greater and different set of views, more view of the ship and two different potential uses for the open space.

In this option, the embarkation is on the near end. So as you come to the cruise terminal, you're actually passing right by the retail. That connection of entrance and retail to the public and The Embarcadero are stronger in this option. This option has a larger amount of space and it's primarily devoted to additional provisions area for the large amount of goods that are going to come and flow into the cruise ship.

The upper level in this case is fairly large open space embarkation waiting area because it's a little more internal. They'd like it to be very functional, a very pleasant productive experience for the passengers so when they come through, they

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530 SOUTH EAST ASIAN AVENUE  
CHICAGO, ILLINOIS 60607-7070

RECEIVED: 10/10/98  
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TO: DR. J. K. STILLE  
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enjoy the experience. Getting to the ship is connected to that long corridor, glassy perhaps so you can see out and you can see the vessel.

In terms of circulation, personal vehicles would flow in and out at one point. And they'd make that loop very similar to the other scheme. Taxis in this case would flow in and out of their own route, so they're segregated away from the personal vehicles. Buses in this case now flow in as the taxis do, but they park over on the far side by Pier 29. So with both these options, they're looking at different ideas. In this case, they're saying, "Let's use the valley to the maximum extent we can." So they're looking at seeing if they could park across at Pier 29 to make use of that side of the site.

Vehicles come in and out that same set of entrances. They would flow in, come to the space between Pier 27, and they would do a turn around and flow back out. If necessary, they could also come in at alternative entry down at the eastern tip.

In this case, the idea of this was to cut back the building in a way that maximizes that view out and to look at a historical form of orientation of what piers like this one would have been perpendicular to The Embarcadero. The views are a bit broader.

In terms of open space, they've looked at the idea of what opportunities exist with this site versus others. If you look at open space, you'll see a series of nodes, active points within a certain amount of easy walking distance. This is the one area along The Embarcadero that doesn't have a strong identity, a strong node, yet. So there's an opportunity there in terms of the type of open space that exists from parks to decks to marina or plaza, a variety of uses.

In terms of views, from this point, you can see a wonderful commanding set of views. You can see the Transamerica Building, Berkeley, Alcatraz, etc. You can get a wonderful view all the way around.

In terms of open space and architecture, they see a lot of precedence in projects and places around the world for how to deal with an open space in a building-type like this, including the elevation change. They think there's a lot of opportunity for a successful project that could include landscaping, hardscape, and building that work very well with the cruise use where you have security issues and you need to segregate on cruise days, but then open on non-cruise days and create a people space that's also very functional for the ships.

They recognize that Pier 27 is not necessarily a historic structure but it's a structure that can be used effectively for its new purpose. Perhaps opening up the structure and getting more light into it, and finding ways for people in the retail space at the front end to enjoy some shade, a little sense of coverage, and a sense of place there. In terms of architecture, coverage, space, form - all these obviously are issues





within the context of the budget and functional issues. They think there's great opportunity for it to work very well.

In terms of phasing projects like this, there are great precedence that they've worked with and seen where you can create something that is not necessarily the final build-out but allows you to get there early on and then grow and expand the terminal.

John Doll indicated that the PowerPoint presentation will be placed on the Port website. These are very detailed drawings so people who can look at them on their own leisure can really study them.

The goal of this project is to create a project that meets the maritime needs, but it also has to be funded and entitled. Part of this scope was not to include cost estimate at this point. As indicated in the staff report, these designs probably will cost the Port somewhere around \$60 million-plus. We have about \$20 million in the bank in a restricted account for the Cruise Terminal Project. So there's probably in excess of a \$40 million gap. So unless there are additional funds or the possibility of a Port revenue bond, we will have to strip down this project significantly and/or phase this project over time as Drew mentioned.

We also want to get community buy-in. So we intend to go to the MCAC, NEWAG, BCDC, as well as other neighborhood community groups to get their comments and their input on these two site plans. At that point, staff would like to come back to the Commission to provide their input.

On a parallel path, if directed by the Port Commission, we would initiate a competitive bidding process for an architecture and engineering contract to further do the design work for this project and also come up with cost estimates to see what the alternatives are and weigh the, "Should it be more for the cruise terminal vis-à-vis the open space area? We have \$20 million; what's the biggest bang for our buck?"

Ernestine Weiss indicated that she's glad to hear that Pier 27 will take shape in the form of a cruise terminal. Pier 27 has been tossed around up and down, and she hopes that we can finally get it straightened out and get some income from it and see a beautiful pier.

Fred Allardyce, Barbary Coast Neighborhood, indicated that it's an exciting improvement to something they've been looking at for a long time. He hopes that the Port is successful in raising the funds to make it happen. However, the neighborhood is quite concerned about how issues affect the residents and how the size of this facility would impact the neighborhood over the long term. He's sure that the Commission will hear more from them as this project evolves. He congratulated the Port for getting to this spot. It looks like a productive asset to the community.



Commissioner Hardeman commented that his vote would be to move this project along as aggressively as possible because we've been going through this process for a long time. He reiterated that the Port will have his vote on every move that staff would like to make in order for the process to go faster.

Beth Rojek, Teatro Zinzanni, indicated that they love their current home and applaud the work of John Doll and his group in developing the pier. She asked for help in trying to find a new location and also just as much information in terms of timing, so that they know when they have to move.

Commission President Kimberly Brandon thanked the presenters and indicated that the Commission is looking forward to the next presentation.

B. Informational Presentation on Southern Waterfront Planning and Leasing Update.

Diane Oshima, Assistant Deputy Director Planning & Development, provided the Commission a brief introduction of the Southern Waterfront Update and Overview.

As the Commission is aware, Port staff is expending a lot of staff time and energy at the Commission's direction on making improvements and working with the community in the Southern Waterfront area and particularly for that heart of the Port's cargo maritime facilities between Pier 80 and 94-96. There's been a lot of differentiated activities across all divisions of the Port and maritime in terms of maritime marketing in the open space planning in the Blue Greenway, which we've been fortunate enough to benefit from, from the Prop A victory in February to the backlands leasing and environmental eco-industrial developments in the area.

Staff are aware of the fact that project activities in these areas each have their own timeframe and staff are working on them. It may be a little bit confusing to get your arms around all of it to understand that, in fact, they do interrelate and they complement each other to what we believe is a holistic strategy for improving the Southern Waterfront.

There are planning discussions that are due to take place on the backlands. We expect to come back before the Port Commission with additional presentations with more details on planning for open spaces and for the gateway sites. We thought today would be a good opportunity to sort of lay the overall context that supports all of these efforts before we start going back to the community and engaging them on their input as well.

Jim Maloney from the Maritime Division has been the point person on the maritime activities. David Beaupre and Dan Hodapp have been working on the open space in the Blue Greenway studies. Brad has been taking the lead for the backlands leasing activities. Kanya Dorland from Planning is going to be the point person for the gateway planning projects and will help coordinate all of the different moving parts





within the Southern Waterfront so that we can, at a staff level, keep ourselves in sync and hopefully keep the Commission and the public in sync as well.

It is important for us to coordinate the activities of our maritime business, building our community beautification and improvements, economic development, and our environmental strategies as well because that's what the Waterfront Plan gives us as direction. As these different business or community planning efforts move forward, we may find that we need to come back and tweak the Waterfront Plan policies for this area a little bit. Staff will continue to keep the Commission apprised.

Kanya Dorland, Planning and Development, indicated that as Diane mentioned, she will be giving the Commission an overview of the Southern Waterfront activity. Most of the recent accomplishments seem to be coming up slowly. In 2007, the Commission approved a Southern Waterfront Beautification Policy, which is now actively being used in all of our new leases in the Southern Waterfront.

In 2008, the Prop A Public Open Space Bonds passed, which provided \$22.5 million for open space in the Southern Waterfront. The Port now has a multi-modal bridge across Islais Creek, which provides access for trucks, trains, bikes, and pedestrians. Those assets and new aforementioned infrastructure improvements have enabled the Maritime Division to attract a new cargo maritime operator, Metro Ports, at Pier 80. They have signed a five-year agreement and are working with the Port to attract new cargo business at Pier 80.

The Maritime Division is also finishing up a Maritime Marketing Study, which will recommend the direction that the Maritime Division should take in terms of what type of cargo they should aim to attract. The preliminary findings suggest auto cargo and windmill cargo. The Maritime Division is excited about this new cargo.

The Southern Waterfront's open space efforts have been focused on accommodating the goods movement activity in the area and providing more recreational opportunities. In 2008, there was a significant park bond passed. The majority of the funding will go towards Blue Greenway improvements. Staff will come back to the Commission to get direction on the projects that should be funded under the Blue Greenway Project and Blue Greenway Design Guidelines, which will be aimed at linking the open space system that's through the Southern Waterfront and providing new access to the waterfront.

The Port's other ongoing open space activities include restoration of wetlands, such as Pier 94 wetlands and Heron's Head Park, and also installing stormwater management swales around all of the existing tenants from Piers 90 to 96.

She will be coordinating the Gateway Site development. These sites were designated by staff. The first one is Seawall Lot 354. It's currently occupied by Muni and it's the most improved site. It has full utilities and is right along Islais Creek.





The second site is Third and Cargo Way, and it also has existing open space. The third site is Cargo Way and Jennings. These sites will serve as catalysts for economic development and community beautification. They are located along the central nodes. The first two would have access to the Third Street light rail. Gateway Site No. 2 and 3 are located along Cargo Way, which will be improved with new recreational opportunities and a bike lane and improved truck access.

The development of these sites will allow them to function as destinations that will help to link the open space network. In 2009, staff will seek Commission's direction on the community planning process for these sites, which we propose should include visioning workshops with public and private stakeholders and other agencies similar to the SWL 337 visioning workshops and developing design guidelines similar to the SWL 337 visioning effort.

Special Projects Manager Brad Benson indicated that he handed the Commission a draft brochure that is a public outreach tool. This is also Kanya's work. She has done an excellent job. Staff are interested in getting the Commission's comments today on the PowerPoint presentation, the handout, and the general strategies. We need direction from the Commission today in going forward.

The backlands is a 44-acre site within the Southern Waterfront sub-area. It's been the most underutilized site in the Port's real estate portfolio. Generally in the Piers 90 through 96 area, Port staff, over five years of community outreach and planning with SWAC and other constituents in the Southern Waterfront, have developed a number of eco-industrial park principals that are at work today in this area.

The general idea behind an eco-industrial park is to co-locate businesses or facilities that are compatible, encourage by-product exchange, share in resources, and include site design features that improve environmental performance, such as the natural base stormwater management swales or rain water harvesting that we've seen at Bode Gravel.

What we frequently hear when we go to a SWAC meeting is people are interested in jobs and economic development for the community. That's obviously a major priority in the leasing efforts that we've taken to date.

Hanson Aggregates import aggregates over the Pier 94 terminal, and mining sand from the Bay, and providing those products to both Bode and Cemex. Pursuant to Commission direction, staff are in the process of negotiating a concrete and asphalt recycling facility that would further enhance this by-product exchange. That facility could take waste concrete from our concrete batching tenants and provide some recycled products for certain applications.

As discussed at a recent Port Commission meeting, Darling Delaware has joined this eco-industrial park concept. They're going to be converting fats, oil, and grease into bio-diesel. The City has adopted a lot of policies under the Mayor's leadership



to promote the use of bio-fuels as alternatives to petroleum products. Some of our tenants, San Francisco Bay Railroad for instance, is converting to bio-diesel. There are some real synergies that taking shape in that area as well.

There are over 1,500,000 square feet of lease space comprising these eco-industrial uses in the Southern Waterfront today. So it's a major revenue source, job producer, and economic stimulus for the area.

Staff hope to conclude lease negotiations on the construction materials recycling center this fall and be back before the Port Commission if successful in reaching a proposed lease agreement with Raisch/Norcal. That would address crushing the existing pile at the site. The Commission authorized the issuance of a concrete or asphalt batching RFP for the five acres at Pier 94 or possibly some location on the backlands. Staff will continue to consult with the Director of Public Works and the purchaser. We hope issue the RFP this November. There continues to be strong market interest. People are interested to see that RFP when it comes out.

Finally, the Port's Real Estate Division, through Mark Lozovoy, reports continuing demand for leasing for open areas from marshalling, construction lay down, to other types of general storage uses. These are good revenue generators for unimproved areas -- between 26 and 30 cents per square foot per month.

What's next for the backlands area? There's a 23-acre portion of this site that has never been physically improved and that has never, to our knowledge, been leased. It seems like a wasted opportunity for the Port. If you look at this slide, the area that is encircled by yellow represents 18 acres of a former landfill. And the broader area was a landfill. These 18 acres are not closed from a regulatory perspective. There's been continuous monitoring of the site under the jurisdiction of the Regional Water Quality Control Board but not a formal landfill closure decision.

We would propose to engage the Commission and the public in a discussion about two related projects associated with this area that could move the ball forward a little bit and prepare us for discussion about how the area should best be leased.

He showed a slide of what an improved area could look like. Our suggestion for Project 1 would be that Port staff collect all the data that we have about the landfill and the surrounding area and approach the Regional Water Quality Control Board; the Integrated Waste Management Board, which also has jurisdiction over landfills; and the Department of Public Health and investigate a formal regulatory closure of the landfill, permits for future activity in this area including improvements and a risk management plan, similar to what was done in Mission Bay, but probably a lot simpler because the contamination is probably not as severe as it was in Mission Bay.

Project 2 would be a design and engineering of the site so that it can be reinforced with fill, a new driveway down the center, these new stormwater management





swales and associated landscaping to beautify the area, and possibly utilities. This work would be required prior to leasing for any use so this doesn't predetermine what the use would be but this would prepare the site. It could conceivably be leased for any number of purposes going forward.

It would create, out of the 23 acres, probably 19 acres of leasable space. The potential revenue increase to the Port could be on the order \$2.5 million looking at the bottom end of the Port's parameter rent rate schedule.

So for today, staff would like to get comments and suggestions from the Port Commission and the public about this presentation and the direction we're headed in. The recommended next steps would be to go to SWAC tomorrow, visit the MCAC, and conduct other community presentations to gain public feedback, sit down with members of the Board of Supervisors to talk about the plan, and then come back to the Port Commission.

The next three meetings on this topic would be: (1) with a very detailed presentation on the regulatory and engineering projects that he just described, including budgets and timelines and staffing; (2) a work program and schedule for the Blue Greenway Design Guidelines and open space improvements in the Southern Waterfront; and (3) then the Gateway Sites that Kanya mentioned. We do not yet have specific dates for these meetings.

Commissioner Lazarus asked about the clearance issue with the tunnels and the possibility of autos, etc. It seems to be a major obstacle. She does not know what the remedies are, if staff are trying to pursue those, or what's on the agenda because it sounds like a very exciting prospect. If we can't move them, she asked if that would put an end to that effort.

Maritime Marketing Manager Jim Maloney replied that the Port's in the process of drafting a letter to the Joint Powers Board basically asserting what our rights are as a Port to gain the clearance that we need in the tunnels. Part of the problem is that Caltrain is in the process of planning to electrify their line. We feel we need about 3 to 7 inches of clearance. When we talked to Caltrain, they're also concerned about the electrification lines. We've got a couple of issues going forward.

On the November ballot is the high-speed rail initiative that if it passes could kind of throw their design plans up in the air. So that might actually provide an opportunity for us. We are in the process of drafting a letter to JPB and asserting our rights as a Port. We'll be sending a similar letter to Union Pacific Railroad as well. We're working to try to get the clearance that we need for the tri-level auto rail cars. At the same time, we're trying to work with opportunities for automobiles that may not require a rail solution. Maybe there are some northern California distribution opportunities that could move automobiles via truck or things like Smart Cars that are now coming into the country that don't move via rail. Perhaps that would fit in well with our environmental goals in the City and the fact that they



wouldn't need to move via rail. We're looking at various options on the automobiles. We're being told that it is a good opportunity, and so we're trying to move forward.

Commissioner Lazarus indicated that assuming we have the right to do this, what's involved, and how long it would take, and the kind of money that would be required to create the additional clearance.

Jim Maloney replied that that's an area for dispute as well. We believe it may not be that expensive. We've been told that it might be a matter of just reshuffling the ballast or reducing the ballast in the tunnels. It could take a weekend and maybe as little \$40,000 to \$100,000. That's probably the most optimistic solution but we've not been able to get our engineers in there to really have a look at it. The issue's kind of complicated by Caltrain's electrification plans, which we support. As a Port, we agree that those plans are noble and should be supported.

Commissioner Hardeman thanked Mr. Maloney for taking the time to give him a tour of the new vessel, the breakbulk cargo and Metro Port offices. It was a fascinating tour.

Mr. Maloney indicated that he was happy to provide a tour of the vessels out of Pier 80 or 94, 96. He added that Metro has now handled eight ships. They've got one coming in tomorrow so that'll be nine in the four months that they've been operating. Each ship seems to be going better and better.

Commissioner Brandon commented that this is a great report. It's very detailed. She asked what direction staff is asking for from the Commission today.

Brad Benson replied that staff would make similar presentations to the Southern Waterfront Advisory Committee and the MCAC just to gauge the community's response to the efforts that we've undertaken to date, and the various planning efforts that we have going forward -- the Gateway Sites, the community outreach for the Blue Greenway Design Guidelines. We have this unimproved area of the backlands where the landfill site is not closed from a regulatory perspective. We would come back to the Commission with detailed project proposals, both on the regulatory side and for engineering of the site so that we can at least get it ready for whatever it's going to be in the future. It needs to be level. It needs to have a driveway, utilities and stormwater management swales.

Those would be our work plan and those would be our next presentations to the Commission. Staff would like to hear whether or not the Commission agree with those proposals or would like staff to take a different approach.

Commissioner Brandon indicated that those are great approaches. Staff should meet with the Board of Supervisors and SWAC. The regulatory and engineering requirements are something that we're definitely going to need. It's great that we





are doing it in advance instead of waiting until someone wants to use it and then going through everything.

With regards to the work program and schedule to develop the Blue Greenway Design Guidelines and open space improvements, she asked if we're going to develop guidelines for what we have already determined what the Blue Greenway will be or is this going to be a community effort to decide how it should flow, where it should be, what it should be? Are we just going to come up with a work program based on what we already have?

Diane Oshima replied that staff intend on having a more specific work program and schedule for the gateway planning as well as the open space Blue Greenway planning to bring to the Commission at a future meeting so that we can have more specific details for the Commission and the public to weigh in on.

In Prop A, with respect to the Blue Greenway and the improvements within the Southern Waterfront area, we identified a program of different types of open space improvements that we would like to pursue further including the process of working with the community to prioritize which of these open space improvements we should be moving forward with and to develop Blue Greenway guidelines.

Of the \$22.52 million that was approved out of the Proposition A bond funds for the Southern Waterfront, we need to figure out how do we divide up those resources and which open space areas should be the beneficiaries of that. That's a large part of what the further detailed planning for the Blue Greenway and the Southern Waterfront open spaces would be. David Beaupre would primarily be the person heading up that. Because there were a number of public presentations around Prop A, the Commission has a more advanced sense of what those open spaces are.

David Beaupre indicated that there's no continuity along those little greenway trails that let you know that you're on a trail system or a networking system. So as part of the Prop A planning we said that the first things that we'll do coming out of the approval of that are to set up design guidelines for the Blue Greenway. We have to make certain that the way findings, site furnishings, lighting, public art, trail systems, are all designed in a way that sets them up as single view so that there's an identity to the Blue Greenway Park. In addition to that, there are parks like Crane Cove Park, Warm Water Cove Expansion, Third Street and Cargo Way and Heron's Head Park entrance. We've talked about them as open space, but we've haven't talked about what's the programming for those parks and what happens to those parks. Are they open fields? Are they natural areas? Are they places for public art?

As part of the Blue Greenway planning process and design guidelines, we thought we'd get a good community planning process to develop the design guidelines as a way of finding site furnishings of pathways, help identify what the program will be for the various parks and open gates going through the greenway, and then





prioritize. We have about \$22.5 million for those projects, but we think we will need significantly more than that. Through this Community of Friends process, we will identify where the community's priorities are, where these will be met.

Monique Moyer indicated that she thinks the boundaries of the Blue Greenway were established previously by the city, so that is not something that will be hung up by those plans.

David Beaupre indicated that the alignment of the Blue Greenway is basically from Mission Creek to the county line. We're going to develop design guidelines that primarily apply towards property but it extends out. The improvement could only be on Port projects. We have identified most of the open space opportunities. There might be some more out there that we haven't identified for the community to use.

Commissioner Lazarus indicated that maybe this is all part of the plan too, but it seems to me that there's a way that we can let people know what is going on down there. This would be a press opportunity for the Port to put together a PR strategy in the southern waterfront.

Commissioner Hardeman indicated that he appreciates getting graphs and charts with the staff reports. It helps him focus on the graphs. He appreciate the great job that staff has done. It's very good and it helps the Port and that's been a real key element in the progress that San Francisco's made recently or that you plan to make. The City has received a great benefit from this area and it unites with the Port and that people will benefit by taking advantage of that landfill we have there now.

Commissioner Brandon thanked everyone for the detailed and excellent report. There are a lot of things going on at the southern waterfront.

## **12. NEW BUSINESS / AGENDA SETTING**

Executive Director Monique Moyer indicated that there are a few informational presentations at the next meeting. Lou's Blues end of their lease is coming up, so we have some ideas about what to do with that. The SWL 351 RFP responses are due this Thursday. Our plan is assuming we get responsive responses, staff would bring them forward for a public viewing as its mission, and then begin our review process and selection process. The long-awaited contract for the Brannan Street Wharf is also coming forward. Likewise we have several pieces of business that are already teeing up for December, January and in February, we'll start our budget process again.

## **13. PUBLIC COMMENT**

Ernestine Weiss commented about the proposal to put 11 parking spaces on Davis Street. The Golden Gateway community was really livid about this. There's so many options the



Port can do without interrupting the people's livability there, the parrots that live in the trees would be upset about this, and would affect their health. They use the garage right there. Why do they have to park on the street? It has had no parking ever since the initial founding of Davis Street. The tour busses wanted to park there and she had them park around the corner on Bay Street. If we allow parking there, which would be ridiculous, that would bring more people parking there 24/7. We don't need this. We have enough congestion, enough noise, enough dust that we can't sit on our balconies right now from all the dirt and the cars going by. There are many options other than that. You have the Saturday parking at the Embarcadero. Tuesday, we have the Howard Street garage, we have Washington Street along Drumm Street and the Embarcadero. The Front Street lot is usable. The Golden Gateway Center garage has empty spaces there that could be used. Forget about Davis Street and use other options to park cars.

Matthew Wertheim, representing Pier 45 Shed B tenants, Shed B, provided the Commission a packet of materials that sets forth the issues and made the Commission aware of what's going on. He requested the Commission to talk to the real estate department about the issues mentioned in the letter..

Marty Coressel indicated asked about the status of the Brannan Street Wharf project. He asked the Commission to be alert to this item and to stay on track.

#### **14. COMMUNICATIONS**

#### **15. ADJOURNMENT**

**ACTION:** Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Kimberly Brandon adjourned the meeting at 5:03 p.m.











